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BIG DATA AND ARTIFICIAL INTELLIGENCE

Djuro Klipa, Igor Ristic, Aleksandar Radonjic, Ivan Scepanovic¹

Abstract: The Big Data embodies a technology that permits the storage, processing, and management of broad and complex data sets in which traditional data processing applications are not applicable. These sets of data are usually characterized by a substantial volume of information that they carry, variety, versatility in terms of the format in which they are written, as well as a high-speed ingress which is often greater than the speed of processing. A particular challenge is the data which are coming from the Internet of Things (IoT) “world” that is constantly expanding and which already consists of several billion devices that can measure various parameters in the environment, communicate, process and transmit information. The data streams emanating from these devices are changing traditional approaches to data management and contribute to the emergence of the Big Data paradigm. This paper discusses the characteristics of the IoT infrastructure in terms of vast scale sensor applications and a possibility of connectivity of sensor networks, as well as various techniques of collection, storage, archiving and processing of the data on the cloud.

Key words: big data, data, information, database.

1. INTRODUCTION

The evolution of the mobile business, IoT and social media technology leads to a rapid increase in the volume of the data. The paradox is that public institutions and businesses have access to an oversize amount of data, however, do not use them wholesomely. A set of technologies for the achievement of the infrastructure and services required for reliable, distributed and scalable storage and use of large amounts of data is called big data (Radenkovic et al., 2015). Sensors and sensor networks are implemented to track different parameters in the environment and generate excessive amounts of data. In a large number of cases, it is necessary to collect and integrate the data from diverse sensor systems and then analyse them accordingly. Sensory data are analysed in real time to deliver forecasts in a timely manner and in a suitable format to the users. Various forms of mobile communication devices are increasingly implemented to access myriad of applications, especially via mobile devices. In recent years, more information has been produced than in the whole history (Zikopoulos et al., 2012).

The phenomenon of digital interconnection is unmistakably observable in contemporary business, but it is growing prominent in private life. Business has already been using the Intelligent production systems which independently reveal the optimization potential. The IoT device monitoring platforms are suitable to recognize issues or even preventively react while fully automated logistic processes are not rare any more. In our private life, the number of intelligent followers increases by our side: fitness bracelets, or the “smart home” control by smartphones, face recognition systems in public institutions to identify individuals under police warrant, are some examples of a number of technological applications at present. If a significant amount of the data, available through these forms of networking, has been adequately selected and appropriately used, it would be possible to make the

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processes more efficient through the IoT, spread knowledge and act preventively or predictively.

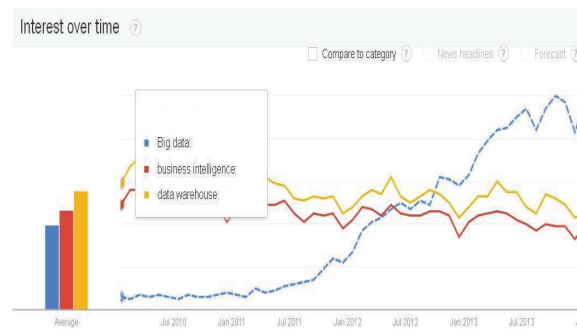


Figure 1. Interest in the Big Data term

2. THE BIG DATA TERM

The most widely applied the Big Data definition has been inferred from the Meta Group analysis which includes the information resources of considerable size, high speed and wide variety of data that require new and innovative methods of processing and optimization of Information, improvement of the insight into the content of the data and decision-making based on the processed data (Laney, 2001).

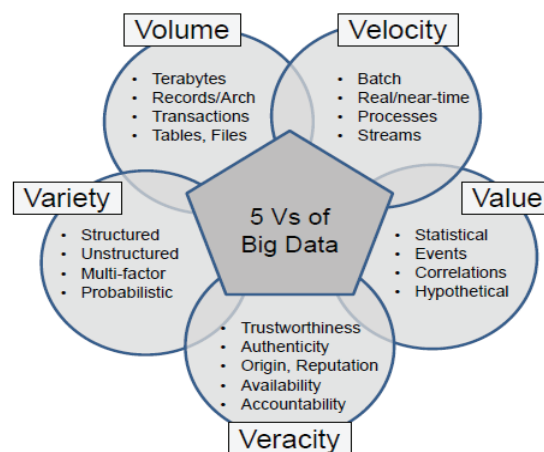


Figure 2. 5Vs of Big Data

Data in the IoT solutions

The Big Data term has often been explained by usage of the five 'V' models of which the main features are:

- Volume - exponentially increases having in view that the main sources of oversize amounts of data are sensors, mobile phones, transaction data, records,

video/audio recordings, social networks, etc.

- **Variety** - the data are by nature diverse and often unstructured and therefore do not fit well into the database (for example, multimedia data, documents, data collected from various sensors, logs, etc.).
- **Velocity** - the currentness of the data is often less than 1 second and therefore the data must be processed and analysed in real (or near to real) time, i.e. from the moment they begin to be collected
- **Value** - through efficient data mining and analytics a huge amount of data being collected during the business operations can be wholesomely used with an aim of improvement and efficiency thereof.
- **Veracity** – integration of multitudinous data systems brings forward veracity, i.e. correctness and accuracy. In the background of any data management appears the basic doctrine of reliability, availability, and originality of the data.

Which of the data may be gathered via IoT solutions has been presented in the Figure 3.

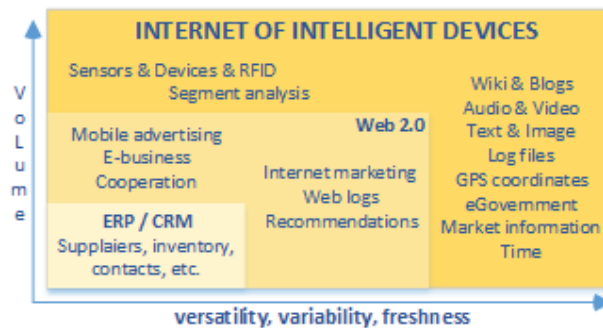


Figure 3. Data in the IoT solutions

3. BIG DATA INFRASTRUCTURE

Data are collected from a large number of sources and their volume is constantly increasing. The collected data are transferred into the large data file system by applying proper extraction, transformation and load processes. The data contained in the big data file system are analysed in real time by use of diverse tools, techniques and algorithms. The results of the data analysis are presented to users in the appropriate visual format (Figure 4).

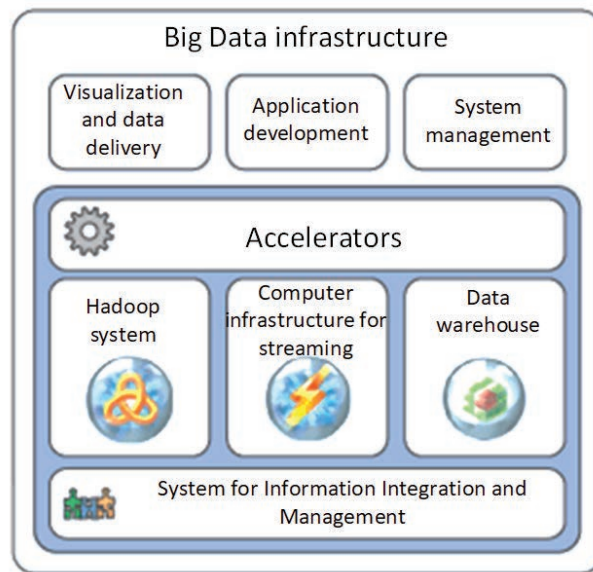


Figure 4. Big Data Infrastructure

4. DISTRIBUTED FILE SYSTEMS

In order to reliably and scalably store substantial amounts of data, it is necessary to provide the storage and management of files in a distributed environment. The distributed file systems ensure easy access to files in different geographic locations, file replication between servers and data compression optimized for transfer through a network with limited bandwidth.

Implementation of the distributed file systems

Some of the implementations of distributed file systems are:

- Google File System (GFS) – efficient and reliable access to the data in huge clusters, primarily to support Internet search services.
- Hadoop distributed file system (HDFS) - designed to store big files, a gigabyte or terabyte in size.
- GlusterFS - is frequently used to implement a cloud computing infrastructure and services.

Non-relational databases

IoT applications generate considerable amounts of data, and therefore scalable, distributed and reliable database models are required to be implemented:

- The Key-data model in which all data are stored in two columns (one column is the key and the other data is the value) and the data does not need to be atomic and its changes are monitored by a time stamp (Example: Amazon Dynamo)

- The BigTable (a relational data model) is abstracted by a large global table wherein each table element has a row identifier, a column identifier and a time stamp (Examples: Google Big Table and Cassandra).
- A document model with a central concept document that represents a group of semi-structured data being stored together with the metadata, providing flexibility, easy integration with applications, and reducing the size of the database (Examples: XML databases, MongoDB).
- A graph model that uses a graph structure for modelling semantic links among the graph nodes (usually people, businesses, etc.) other concepts about which the data are stored (Examples: Neo4j, Facebook uses the Graph Search mechanism to set up a query in natural language and search for users and connections among them).

Searching data in the Big Data

In 2010, Google patented the MapReduce algorithm (Figure 5) to search data (pairs: key, data - (k, v)) in two steps:

- The first step (Map) - parallel and distributed processing of each ordered pair from the first domain: Map (k1, v1) and selection of only those pairs that are mapped to pairs from another domain: sheet (k2, v2).
- The second step (Reduce) - parallel and distributed pair processing is performed (k2, sheet (v2)), which, based on the criteria for reporting, maps these pairs into the search result: sheet (v3).

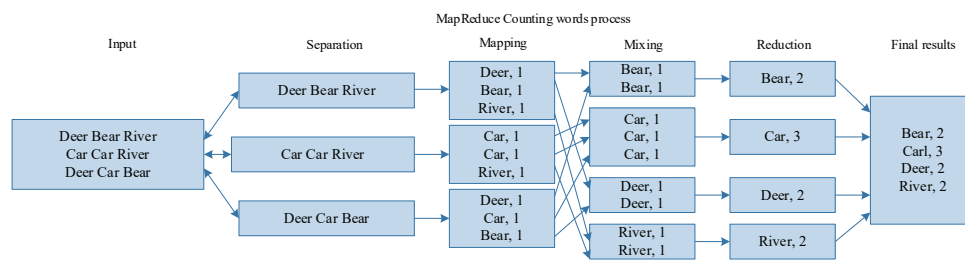


Figure 5. MapReduce algorithm

5. DATA ANALYTICS IN IoT

The real-time monitoring and management in an enormous IoT systems consisting of hundreds of thousands of sensors, creates problems such as:

- detection of risky devices in the system maintenance phase and their repair prior to being really broken,
- optimization of the functioning of smart devices - configuration, adjustment of interaction among end users, optimization of energy consumption,
- analysis of devices' defects and fixing in the upcoming versions.

The most important feature of proper tools for processing unstructured data is to be relatively easy to use and have the ability to quickly process the data with the tendency to process the data in real time.

Big Data Analytics

In the Big Data analytics (Figure 6), various techniques are applied, such as:

- 1) Cluster analysis – the method for determining relatively homogeneous groups of objects within a heterogeneous population.
 - 2) Crowdsourcing – the technique for collecting data by a large group of people or communities through a media such as the web.
 - 3) Joining Rules – the techniques to detect links between seemingly unrelated data in oversize databases.
 - 4) Classification – the process of organizing information into categories (classes) so that the data can be more clearly analysed or understood.
 - 5) Machine learning – constructing algorithms and computer systems that are capable to adapt to new circumstances and learn from the experience.
- Segment analysis – the application for language processing, identification, and extraction of information from the textual material.
 - Integration of the data – the techniques that integrate and analyse the data from multiple sources aiming to develop more efficient and more precise data processing.
 - Genetic algorithms – a stochastic search method that mimics the biological process of evolution.

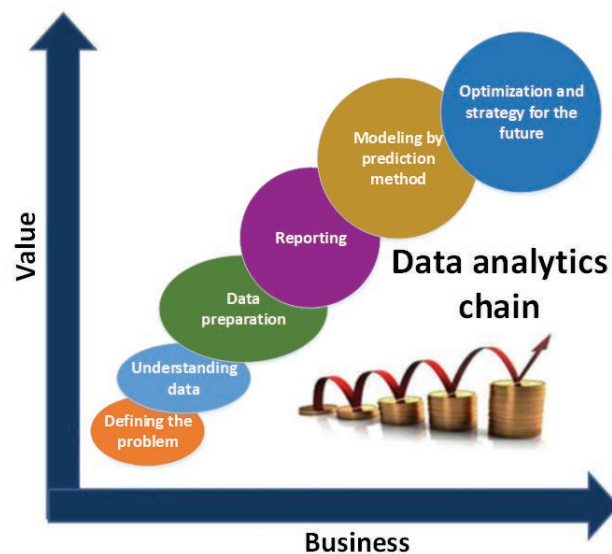


Figure 6. Big Data analytics

Hadoop is a software framework (Figure 7) of the open code for storage, search and analysis of huge amounts of the data written in the Java programming language. Hadoop is designed for appropriate support for the so-called batch data processing and as such is not suitable for real-time data processing

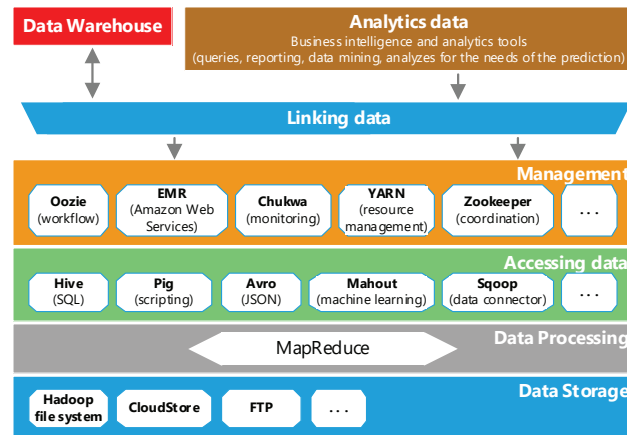


Figure 7. Hadoop system

- 6) Neural networks – can process the data in parallel of which components are independent of each other.
- 7) Network analysis – the techniques used to detect connections among at-first-glance unconnected nodes in a graph or network.
- 8) Optimization – a set of numerical techniques for the reorganization of complex systems and processes to improve their performance according to one or more criteria.

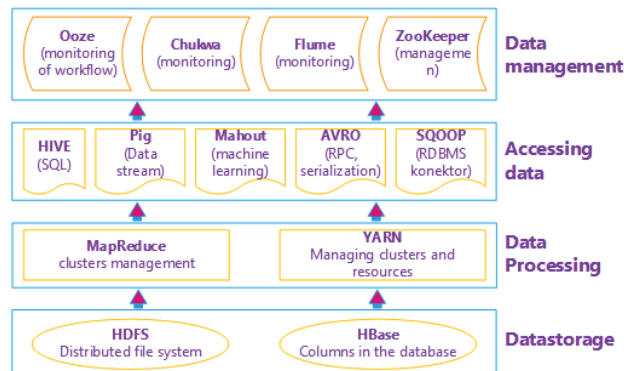


Figure 8. Hadoop framework for Big Data

Components of the Hadoop system

The basic elements of the Hadoop system (Figure 8) are:

- 1) Hadoop Common packages to support other modules

- 2) Hadoop Distributed File System, which provides applications to access data fast.
- 3) Hadoop YARN module for managing resources in a cluster and for managing the execution of tasks.
- 4) Hadoop MapReduce for parallel processing of voluminous datasets using the MapReduce algorithm.

Other important Hadoop projects and modules are:

- 1) Ambari web tool for tracking and managing Hadoop system
- 2) Avro system for data serialization
- 3) Hcatalog storage management system
- 4) Hbase scalable distributed database for storage of the structured data
- 5) Hive system for the data warehousing and ad hoc data queries
- 6) Mahout Library for Machine Learning and Data Mining.
- 7) Oozie workflow management (workflow, scheduling).
- 8) Pig framework for performing parallel calculations
- 9) Sqoop data transfer tool between Hadoop and relational databases
- 10) Spark software model for application support such as ETL, machine learning, streaming, etc.
- 11) ZooKeeper Service for Coordination of Distributed Application

6. ARTIFICIAL INTELLIGENCE

Artificial intelligence is a broader concept of machine learning addressing the use of computer systems to mimic human knowledge functions. Artificial Intelligence is the process wherein machines perform tasks by complying with the algorithms based on an “intelligent” approach. Machine learning is a subset of Artificial Intelligence, its focal point being to ensure the machine capability to obtain a set of data and learn, alter the algorithms while learning more about the information they are processing. Deep learning is an additional level of more complex analytics and considered as a subset of machine learning. Current solutions that can analyse and interpret the IoT data, artificial intelligence and machine learning, can also extract more advanced insights into the data and more rapidly extract the relationships among these metadata. Artificial Intelligence identifies uncommon tendencies more precisely, thus eliminating the necessity to screen the data by the use of advanced techniques. The business benefits of IoT are wholesomely established, however, the enormous benefits of intelligent things are just emerging. Companies may expect new and innovative ways of operation.

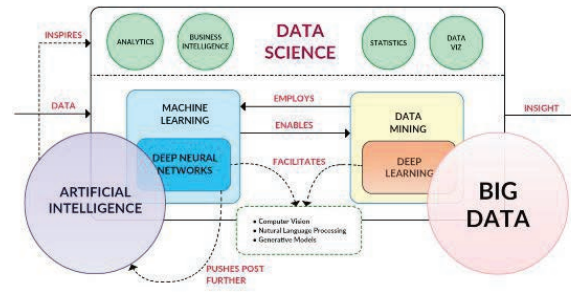


Figure 12. Artificial intelligence and Big data

7. BIG DATA APPLICATION

Business

Internet intelligent devices technologies ensure that businesses have a huge amount of data on clients: personal data, movement data, data on habits, interests, needs, and others. As data sources, the data collected from social networks, mobile phones, and other sources are used. By efficacious application of these data, it is possible to better anticipate the needs of clients, create personalized products and services, and increase customer satisfaction.

Medicine

The usage of sensors to monitor the medical condition of patients is on the rise. Storage and analysis of the collected data can be applied for diagnostics improve, patient monitoring, predicting reactions to therapy, analysis of biochemical processes in the body, provision of remote health services, etc.

Transport and Traffic

Smart train control systems can automatically adjust the speed of a train based on the input data such as weather conditions, terrain topography, distance from a destination point, distance from other trains, and further on. In the future, it is expected that the use of the large data technologies applied in smart cars will ensure safe driving without a driver.

Meteorology

Sensors may be used for the collection of meteorological data (Figure 9). Expeditious analysis of the historical data in combination with the current data can contribute to the better prediction of weather disasters, such as hurricanes, and better protection of populations in vulnerable areas.

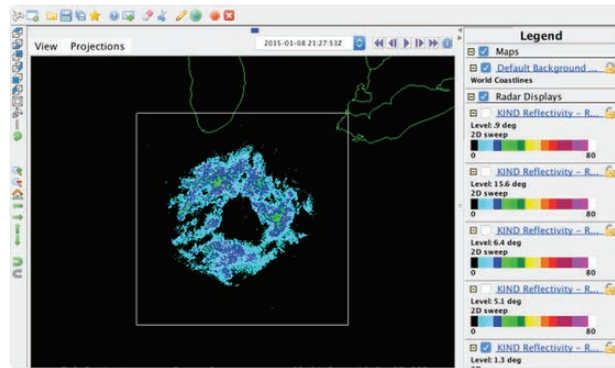


Figure 9. Application in meteorology

Education

Smart classrooms in educational institutions contain a greater number of sensors, video cameras, microphones, and other interactive devices. The data collected from intelligent devices can be stored in the information system of the educational institution and used for monitoring students' activities, measuring the quality of tuition and student satisfaction, determining the typical behaviour of students and creating personalized services, supporting the scientific and research work of teachers and students, etc.

Scientific research

Collecting data from the universe is often based on remote sensing technologies (Figure 9). In surveys of the space, the substantial amounts of the data are collected on a daily basis whilst numerous algorithms for analysing enormous amounts of data are being developed in order to analyse the collected data.

Smart cities

The integration of the data collected through different smart city systems (Figure 11) may improve the quality of the city administration services. The Big Data and internet intelligent devices can be implemented into big city systems that have ICT preconditions to adopt these principles. An example of possible implementation is the city of Belgrade which owns the ICT infrastructure, has a considerable number of business systems under its jurisdiction and has approximately two hundred electronic services offered to its citizens. With the achievement of the aforementioned advanced options, it is necessary, for the future BelgradeSmartCity Intelligent System, to define city registers that will structure the generated data of internal systems (at all app/sensor levels) into relevant information to manage and optimize the entire city system. The parameters that will consequently be generated as a Big Data infrastructure can be introduced as a part of the city resource management system whilst the designed benefit would be cost reduction, optimal use of resources, generation of new services

for the needs of citizens and the economy, as well as generation of new and advanced Big Data analytical tools.

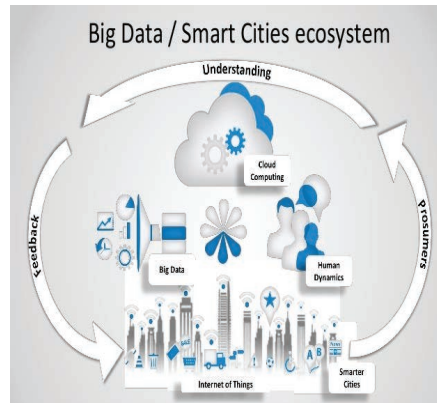


Figure 10. Application of the smart city systems

8. CONCLUSION

The Big Data represents a new concept in storing, searching and analysing substantial amounts of data. The data collected by sensors are everywhere, they are often different in structure and must be used in real time. The essence of Big Data technology is not to provide access to a sizeable amount of the data from sensor networks but in activities that contribute to their usability. The main objective is to develop efficient and reliable methods for obtaining usable information from the data gathered in real time. The application is possible in various fields: business, medicine, scientific research, smart cities, meteorology, transport, and traffic, etc. The Big Data is a building block in business intelligence that establish new values and new knowledge. With the application of business intelligence, we improve the making of business decisions. The Big Data is not a substitute for the business intelligence system but it can introduce a new value through existing systems (Pavlovic, et al., 2014).

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DEVELOPMENT POTENTIAL OF SMALL AND MEDIUM-SIZED ENTERPRISES BY IMPROVING THE COMPETENCIES OF ENTREPRENEURIAL LEADERSHIP

Borko Somborac¹, Aleksandra Penjišević, Aleksandar Pavlović, Miletić Miloš

Abstract: Based on the review of previous research procedures, can be seen that entrepreneurial leadership represents a complementary aspect of leadership and entrepreneurship, and as such constitutes one of the main factors in the development of small and medium-sized enterprises. In order to connect leadership and entrepreneurship more closely, a comprehensive review of the relevant literature on entrepreneurial leadership, classified through the periods in which it was defined, will be carried out. Through an in-depth perspective, models of leadership evolution through the aspect of entrepreneurship with clear practical implications will be presented. This type of analysis will create a new framework for the development of key competencies that surround entrepreneurial leadership and, on whose influence, organizational growth and development directly depends. This set of competencies is especially important, due to the circumstances that arose after the COVID-19 pandemic, and this means finding a leadership model that will enable organizations to absorb the negative effects of business in the macro environment and lead in the direction of optimal market sustainability. Also, by expanding existing theoretical knowledge about leadership and entrepreneurship, authors strive to provide a new perspective on modern management in turbulent times.

Key words: leadership, entrepreneurship, SME, entrepreneurial leadership, organizational behavior

Introduction

Leadership as a management component has been considered one of the most important functions of management, on whose role organizational growth and development directly depends. However, the research need on leadership has so far focused much more on large and multinational corporations, leaving room for examining the impact of leadership within small and medium-sized enterprises. Such an orientation was partly conditioned in relation to the influence that large organizations have on the overall social and wider global context. However, as small and medium-sized enterprises increasingly constitute the main lever in the economic development of society, the interest of researchers has also shifted towards these organizations. The dynamic changes taking place in entrepreneurial activities have contributed to small and medium-sized enterprises being at the center of research practice, especially when it comes to leadership.

Through the prism of entrepreneurship, leadership represents a strategic, procedural and rational understanding of the components found in the business environment. On the basis of multidimensional aspects, it is necessary to look at entrepreneurial leadership in an argumentative manner, in order to achieve business sustainability and increase organizational performance. A holistic review of the components of leadership should provide new value for small and medium-sized enterprises in order to realize the importance of leadership as a strategic commitment of organizations.

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Given that the research base on entrepreneurial leadership is expanding significantly, it is necessary to pay more attention to this segment in the context of small and medium-sized enterprises.

For this reason, the structure of this paper is oriented towards the growing need to understand the factors surrounding entrepreneurial leadership. Especially in today's global circumstances, it is necessary to consider the influence and importance of leadership as an essential segment of entrepreneurial sustainability. The very concept of leadership can only be improved by converting the theoretical implications into a practical form that will have a tangible value for the entrepreneurial sector.

By looking at the social, economic and cognitive aspects that surround leadership in the entrepreneurial context, the outcomes arising from that segment of management can be additionally clarified. The changes that are conditioned by the extended echo of the COVID-19 pandemic confirm the urgency of finding directions and leadership models that will absorb negative market circumstances to the level of necessary organizational sustainability and profitability. That is why the key segment of the work is the presentation of a model that indicates the necessity of developing modern leadership competencies, as a component on which the further development of organizational potential depends, but also the transformational capacity that will be necessary in the challenging times that are coming for the entrepreneurial sector.

Conceptual framework of entrepreneurship

Entrepreneurship as a business direction is impossible to define in a way that would simply describe its basic focus and scope. As an explanation to such a statement, definitions of entrepreneurship derived from different disciplines, such as economics, psychology and management, are attached, thus changing the entire context and meaning. Looking at the mentioned disciplines, it can be said that entrepreneurship is a concept that enables organizations to behave in a way that will create an adequate model of action, communication and development of business relations with the aim of sustainability and competitiveness of business activities (Gebauer, 2018). That is why entrepreneurship is no longer seen as a simple intention of an individual to create an independent business venture. Today, entrepreneurship is both a science and a practice, but above all a way of strategic management of valuable resources at the organization's disposal.

Over time, this point of view was expanded in the literature with the aim of further emphasizing the importance of leadership and presenting it as a closely related component in the development of small and medium-sized enterprises. This is how one of the modern definitions emerged, which emphasizes that entrepreneurship is a concept that allows an individual to use unique skills and abilities in order to create an innovative business venture that will benefit the environment in which it is located (Thukral, 2021). This type of concept clearly indicates that entrepreneurship and leadership are closely related for the purpose of realizing specific business goals. Depending on their size, strategic direction, and the way they are organized, entrepreneurial organizations should apply the leadership style that will best suit

the given structure. The fact is that in small and medium-sized enterprises there is a very dynamic interaction, both at the level of internal stakeholders (employees) and in relation to the external environment (clients, suppliers, institutions, macro-environment), which puts additional pressure on leaders to create high a collaborative environment that will be able to satisfy the needs and aspirations of all the mentioned categories. From that perspective, we single out two entrepreneurial forms that exploit the leadership function differently, namely: newly formed organizations and growing organizations.

Leadership in newly formed organizations

Every newly formed organization faces different types of challenges at the micro level, which it is necessary to use a diverse set of leadership skills. The high uncertainty of the entrepreneurial environment requires the creation of a flexible organization, which will be able to transform and optimize according to new goals within effective deadlines, as well as to identify the changes that need to be implemented. In the initial phase of organizational development, it is necessary to connect different segments of leadership, which include transformation, ethics, empowerment, authenticity and innovation, thereby reducing the risk of initial failure (Sarmawa et al., 2020).

The conclusion is that modern newly formed organizations are under great pressure, to be ready to function in a dynamic environment from the very start, and the leadership trained for different types of roles that will enable long-term market survival. That's why an approach to the development of leadership skills, which is based on a cognitive model, allows new organizations to reach their goals more easily than using a model that relies on the intuitive capacity and current abilities of the leader or owner.

The concept of leadership in growing organizations

Just as the path from a newly formed to a growing organization involves various forms of transformational processes, leadership models also change in accordance with the development of business capacities and organizational needs. At that point of organizational growth, leadership relies more on the development of strategic and functional capacities, as well as on the sharing of leadership towards individuals who are recognized as capable and competent for that type of responsibility. Such an approach shows the maturity of the leader and the understanding of the needs that lead to the maximum activation of the potential of all members of the organization, through effective delegation and execution of tasks. Leaders in growing organizations are more oriented to the strategic aspects of business, as well as to the perception of business opportunities, because this represents the essence of long-term survival in the market. In a situation where the organization has a built organizational profile and a stable business culture, the leader's task will be to control the efficient execution of business tasks and direct activities that will provide consumers with new value, experience or satisfaction (Gross, 2020).

Theoretical framework of entrepreneurial leadership

Leadership as a global research framework covers different spheres of management mechanisms in organizations, which is why it is necessary to make a distinction between leadership in entrepreneurship and leadership in large and multinational corporations. With the emergence of research interest in leadership in the entrepreneurial context, it is stated that it is a concept that defines issues of management, development and control within micro, small and medium enterprises (Dabić et al., 2021). The goal of such a framework is to further strengthen the role of enterprising individuals who influence positive organizational outcomes with their activities.

There are different eras, both research and practical, in which efforts were made to comprehensively define the role of a leader within entrepreneurship. Depending on the business context in which leadership was examined, it had its incremental evolution in parallel with the development of both economic and social relations related to small and medium enterprises. In Table 1, there will be an overview of leadership perspectives in entrepreneurship, which will be able to show the evolutionary capacity of researchers and their definition of this phenomenon.

Table 1. Content theoretical frameworks of entrepreneurial leadership

Macklin (1990)	<i>Entrepreneurial leadership represents the integration of clear goals, business opportunities, employee participation and an adaptive organizational culture.</i>
Nicholson (1998)	<i>Entrepreneurial leadership involves influencing other group members to strategically manage valuable resources, in order to find new business and market opportunities.</i>
Tarabishy et al. (2005)	<i>Leadership in entrepreneurship requires the establishment of a vision, focus and commitment that will be transmitted to all factors in business.</i>
Ruvio et al. (2010)	<i>Entrepreneurial leadership is considered a process of combining innovative and creative activities, with the aim of creating a unique value that will enable long-term market competitiveness.</i>
Freeman (2014)	<i>Entrepreneurial leadership defines different business scenarios that will be understandable to all members of the group, in order to follow a vision that will enable the sustainability of organizational</i>

	success.
Mathews (2017)	<i>Entrepreneurial leadership seeks to direct and improve organizational performance towards achieving goals through strategic thinking, recognizing and exploiting business opportunities.</i>
Sarabi et al. (2020)	<i>Entrepreneurial leadership constitutes a set of behaviors and activities that effectively moves other group members towards establishing high work performance in order to meet high market expectations.</i>

On the basis of the presented theories, a clear transition of the function of entrepreneurial leadership is recognized from the exclusive delegation of work and control of employees, to the inclusion of innovative components, strategic approach and consideration of future market needs. This leads to the conclusion that leadership in entrepreneurship can be seen as a separate form of leadership, which opposes the standardization of its role and function. On the other hand, certain authors, through a holistic approach, promoted the idea that it is impossible to separate entrepreneurial leadership from the basic paradigm of management, but it can be considered a specific phenomenon that needs to be even more closely connected with the strategic functions of management (Simić et al., 2020).

Entrepreneurial leadership is a specific category, due to the multidimensional structures of small and medium-sized companies, but its role is based on already proven management approaches. Based on the theoretical foundations presented in Table 1, it can be seen that the perspective of leadership, in all research epochs, sublimates three basic frameworks: setting up systems, developing operations and controlling activities, which form the center of small and medium enterprises growth. In the construction of the aforementioned theories, can be see that leadership represents an essential value in terms of the growth and development of small and medium-sized enterprises, on whose actions organizational competitiveness and profitability directly depend. That's why entrepreneurial leadership is seen as a complex system that includes: (1) defining and modeling a new business idea, (2) establishing a mission and vision that will be supported by the organizational culture, (3) continuous improvement of team performance, (4) innovation, creativity and bringing of new value, (5) development of transformational potential and effective adaptation to changes in the environment. This concept aims to guide leadership towards behavior that will enable the improvement of entrepreneurial potential.

By combining entrepreneurship and leadership, a multifunctional management structure is obtained, which has the potential of effective exploitation of valuable resources, which will lead to new opportunities, and maximally mobilize employees according to the strategic directions of the organization (Gross, 2019). Although leadership is primarily viewed as a set of individual abilities, authors perspective is

directed towards models that recognize leadership as a specific category that must be tailored depending on the context in which the organization is located and the needs arising from such circumstances.

Characterization of small and medium-sized enterprises

In their basic form, small and medium-sized enterprises represent organizations whose management, strategy and development are in the direction that the owners shape according to their own vision. Also, what additionally unites small and medium-sized companies are limited resources that must be allocated in a way that will enable the unhindered realization of business results. Such a characterization implies that the entire organization is culturally adjusted in relation to the individual characteristics and abilities of the owner or founder. That is why the complexity of the business models of small and medium-sized enterprises is significantly higher than in the case of large and multinational organizations.

This is explained by the fact that the spectrum in which small and medium-sized enterprises operate is extremely wide, as well as the activities, which cover different business sectors. Heterogeneity in these organizations once again confirms the thesis that entrepreneurship is the main factor in the economic growth of society. With the development of entrepreneurship, new perspectives have been opened for individuals to shape and create their own business environment, without being organized into stereotypical forms, which are visible in large or state-owned organizations. Depending on the structure of the market, as well as the socio-economic environment, organizations have the ability to adapt their business activities in response to such circumstances, which means permanent activation of intellectual, innovative and cognitive capacities (Roundy, 2020).

Looking at developing countries, as well as those that have already reached a high level of progress, one can see the level of investment in the development of entrepreneurship, as a vital segment of economic growth. Based on the report of the United Nations Development Program - UNDP (2017), the largest global turnover of capital, as well as the share of employment, is realized in entrepreneurial activities. There is a clear tendency to expand entrepreneurship towards all spheres of business, which indicates the permanent creation of business models that will be able to support high profitability and permanent growth. With the different level of resources at their disposal, the size and structure of the organization, it is necessary to find leadership styles that will best be able to respond to the competitive challenges in the business environment (Schoemaker et al., 2018). That is why it is necessary to establish new models of entrepreneurial leadership that will be able to map the path of business success in challenging times.

Modern management and development potential of small and medium-sized enterprises

From the perspective of functionality, it can be seen that the entrepreneurial sector is very sensitive to the pressure and changes that occur periodically in the

business environment. The structure of small and medium-sized companies, as well as their resources, are much less resistant to market turbulence than large and multinational companies, which are able to more easily absorb negative effects from the environment. This stems from the fact that entrepreneurship implies constant market penetration and competitive positioning, which is not the case with large organizations that are already established and recognized by consumers. That is why one of the ways to ensure the sustainable growth of entrepreneurial organizations is through the establishment of an effective management system and leadership skills and abilities.

Miao et al (2019) found out that a large number of small and medium-sized enterprises lack key management activities, which potentially leads to poor organizational performance and the inability to competitively position themselves in the market. This primarily refers to activities in the analysis of business and economic opportunities in the environment, technological tendencies and markets that are not saturated and overloaded with the same or similar services. The development of management skills will enable leaders to include the mentioned aspects in their personal strategic vision, thereby opening a perspective for their organizations in creating new value that will set them apart from stereotypical positions that occur in entrepreneurship (Newman et al., 2018).

In today's time of rapid technological changes, there is an established opinion that the biggest development problem of the organization is inadequate technical capacities, which prevent the excellence of the production process. In order to establish an effective organization, a management system must first be established that will enable all segments in the organization to be connected in a single business process (Cai et al., 2019). A different path, from the above, in the development of organizations represents a short-term bridging of current challenges, which leads to the necessity of establishing systematic and coordinated entrepreneurial leadership. It can be concluded that leadership and entrepreneurship represent complementary forms in the successful management of an organization, its vision and direction. As one of the key segments on that path is the scanning of market opportunities, which trigger initiatives on which the growth and competitive capacity of the organization depends. Mapping the organization's development strategy is one of the main operational tasks of management, but the question remains open as to how many capabilities and available resources small and medium-sized enterprises possess in order to be able to effectively monitor market changes.

Also, the lack of experience or insufficient training of the owners of organizations for management functions, as well as the inability to see the holistic perspectives of business, can additionally explain why there is a reduced focus according to market tendencies and opportunities that are indicated. In addition, as a source of additional complications in management, it is possible for the owner to independently perform most operational functions, such as issues of finance, marketing, quality control, human resources management, etc.

Based on what has been presented, it is clearly visible that management characteristics

and abilities directly affect the growth of companies and their contingent of efficient adaptation to market changes. Through the development of the necessary competencies, entrepreneurial leadership has the ability to improve business growth prospects and management functions. The basic idea of this research is directed towards the development of a model that should include all key factors in modern management, and which, from the perspective of entrepreneurship, will enable clear business goals to be defined, recognize and use new opportunities and perspectives, create group coherence and establish sustainable development human resource management system.

Methodological justification

This paper primarily seeks to advance the understanding of the importance of entrepreneurial leadership in the practical context of small and medium-sized enterprises. The previous formal theories allowed the authors to create an autonomous model that should be applicable to the conceptual framework of small and medium enterprises and the growing potential of entrepreneurial leadership.

The research is primarily based on the literature, which in its form looks at leadership differently in relation to the era in which it was defined. A new perspective of leadership in entrepreneurship is the nominal goal of this work in finding a multi-dimensional approach to management mechanisms in small and medium-sized enterprises.

Given that this research is based on knowledge that is closely related to professional literature, the key segment is the correct classification and use of relevant research findings, which are linked to practical implications. By combining literature covering different research designs, such as meta-analysis and meta-synthesis, authors wanted to get to the most relevant secondary data resulting from qualitative analyzes of the research process.

Through a systematic search for keywords and narratives that integrate leadership and entrepreneurship, related literature that represents a basis for further understanding of management, business development and competitive strengths of small and medium-sized enterprises, was selected. For the purposes of the search, eminent electronic databases such as Google Scholar, EBSCO and KOBSON, were used.

The authors of the paper interpreted the collected data individually, and then framed them contextually in order to have a clearer understanding of entrepreneurial leadership and its importance on organizational results. Through the synthesis of literature, which partly derives from theoretical and partly from practical findings, a new framework will be presented, which should have useful value at the management level of small and medium-sized enterprises.

Critical analysis of leadership competences in the entrepreneurial context

Leadership as a phenomenon has been a research need for many years, and as such has defined many directions of management in organizations. One of the directions that arouses the interest of the academic community is entrepreneurial leadership,

which increasingly represents the strategic determination of organizations in establishing competitiveness and profitability. Through such research procedures, a new value for entrepreneurs is mapped in the direction of a holistic approach in solving the complicated circumstances in which organizations operate on a daily basis. The introduction of new instructional tools in the process of managing an organization should help small and medium-sized enterprises to move more easily through an unstable market and to find effective management models that will ensure the smooth development of business potential.

The purpose of the proposed model in Figure 1 is a strategic illustration of the key leadership competencies that map the path to the business success of small and medium-sized enterprises. By closely linking the context in which organizations operate, the functional leadership competencies, as well as the outcomes arising from such a framework, vital results will be reached that should enable organizations to achieve long-term competitiveness and market sustainability.

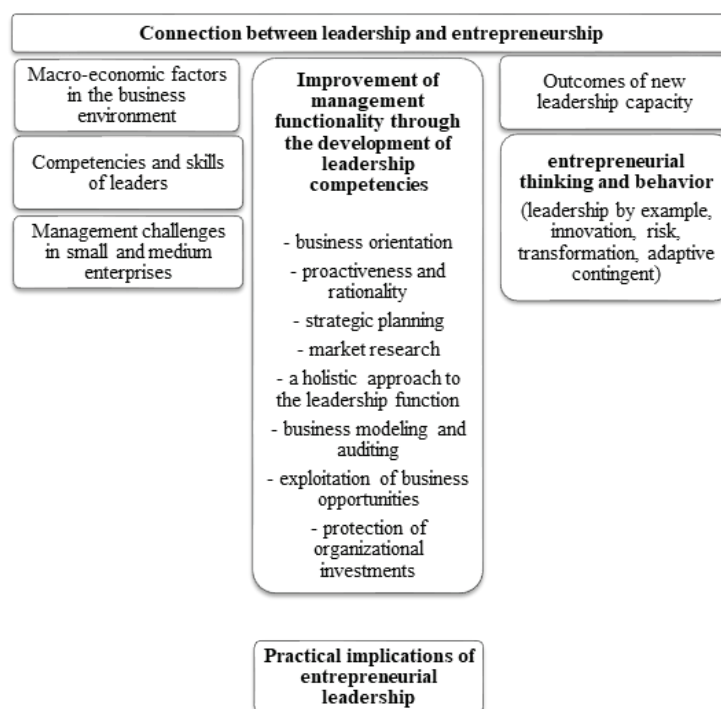


Figure 1. The practice of modern leadership through the development of leadership competencies

By combining the aspects of entrepreneurship and leadership, the possibility of effective transformation of the development and management capacities of organizations during adaptation to different market circumstances is created. This type of connection allows entrepreneurs to improve and expand knowledge about strategic aspects of management and leadership in order to respond as effectively as

possible to the challenges that arise in their environment.

The development of leadership competencies, shown in Figure 1, increases the individual's cognitive capacity in the direction of business planning, strategic management and process activities that should enable the establishment of a business model in accordance with organizational needs. Also, by improving management skills, the potential of rationality and effective scanning of the business environment is released, which implies a new proactive form of behavior and understanding of complex business relationships.

Based on what has been presented, it can be seen that the personal characteristics and competencies of the owner or founder of the organization are one of the most important aspects in practical entrepreneurial management. Through the continuous development of essential skills, leaders have the opportunity to increase entrepreneurial capacities, but not only within personal needs, but also in a wider organizational context. The attached theoretical framework should move managers or owners towards strategic thinking about future business activities, which completely transforms the stereotyping of management functions according to the necessity of looking at the wider context in which the organization is located.

Discussion: theoretical application of the presented model

In order to develop a modern concept of management in entrepreneurship, a model was proposed that should represent an instructive and practical framework for understanding strategic leadership and its importance for organizational results. The development of functional abilities, as well as key competencies, is something that will enable the role of a leader for entrepreneurial and tactical thinking, searching for new opportunities, willingness to take risks and looking at broader perspectives in business.

By improving the functional skills found in the presented model, leadership as a function has the ability to structurally protect organizational investments, by knowing how to establish long-term competitive advantage, profitability and solvency. Without the development of the aforementioned competencies, it will not be possible to fully satisfy the needs that the organization should provide to different markets, which will directly affect the effective achievement of business goals.

By insisting on the connection between entrepreneurship and leadership, this paper aims to improve the understanding that the expected business results largely depend on the structure of management functions, as well as on the competences and behavior that comes from the owner or manager of the organization. Now that the pressure on small and medium-sized enterprises has increased significantly, leadership as a function must be transformed in a way that will ensure the coherence of internal functions and connection with the current needs and future tendencies of the market in which it operates (Nielsen et al., 2019)

The practical implications of the proposed model should primarily help entrepreneurs in developing management of complex operations in order to successfully operate in different markets. The model can be applicable to different organizational structures

that are classified as small and medium-sized enterprises, and are oriented towards the globalization of business relations or tend towards such a form of business.

The proposed framework of leadership competencies is particularly significant, in the circumstances caused by the COVID-19 pandemic, because it is mostly intended for overcoming challenges in complex business conditions. And as one of the basic tasks of leadership in such circumstances is the close connection of internal business operations with current market demands and future needs. New global circumstances lead entrepreneurs to research and apply management models that will enable them to develop their business permanently in relation to their own business context (Saseendran and Salman, 2019). And that's why this work offers applicable knowledge in the field of entrepreneurial leadership that amortizes management complexity when managing an organization.

By looking at the current position of the organization, as well as competitive opportunities, it is easier to realize the expected entrepreneurial development in the market, which is rapidly expanding in the direction of improving the quality and efficiency of service delivery. Without the development of management competencies that will provide a strategic overview of the organization's position and its development opportunities, it is impossible to expect business survival and consumer satisfaction in the long term (Newman et al., 2018).

In addition, by integrating current and future needs in entrepreneurial leadership, authors articulated a holistic approach in looking at strategic leadership within small and medium-sized enterprises. At the center of these activities is the top management or ownership structure, which has the obligation to recognize all segments that influence organizational success through the elements of strategic leadership.

Wider practical implications

Based on empirical parameters, it is noticeable that there is a significant number of entrepreneurial organizations, especially in developing economies, that do not have a sustainable path of business development, from basic organizational postulates to significantly more complex operational processes (Ma and Jiang, 2018). One of the reasons for such circumstances can be found in the lack of essential leadership skills, which slows down or completely inhibits stable business development. Due to the insufficient flexibility of the organizational vision and the impossibility of working out different business scenarios, the development of the aspect of entrepreneurial leadership is imposed as a possible solution in overcoming the aforementioned challenges, which was the main orientation of this paper. Authors emphasize that proactive management and the use of leadership strategies are an integral part of business development, which confirms the fact that leadership does not only mean the management of valuable resources, but is a function that harmonizes organizational behavior, performance and outcomes.

One of the main obstacles in establishing such functionality is the fact that most entrepreneurs try to control all key functions in the organization. The non-homogeneous distribution of management functions towards individuals who have

adequate competencies clearly shows the lack of managerial vision and management ability. Due to the neglect of leadership development needs, establishing sustainable business development and effective management of operational processes can become very challenging for entrepreneurs. The only answer to such obstacles is the adoption of the necessary managerial skills and the training of leaders for effective management of business systems.

Further development of the issue of entrepreneurial leadership and the way it should be organized in small and medium-sized enterprises was one of the main drivers of this research. Connecting the basic determinants of entrepreneurship and leadership further strengthens our theoretical framework, which should have practical implications in increasing the leadership contingent in small and medium-sized enterprises. As a conclusion, the improvement of leadership skills in today's business circumstances is considered one of the key aspects of business profitability, taking into account the period that came after the COVID-19 pandemic, which entail the transformation of business development in the direction of increasing the quality and efficiency of service delivery.

Suggestion for future research

Given the increased interest in examining entrepreneurial leadership, this paper provides a theoretical framework for the further development of the concept of leadership in small and medium-sized enterprises. Future research could be directed towards examining leadership within nano- and micro-enterprises, as well as the conceptual development of models of entrepreneurial leadership in the post COVID period. The realization of such research would further improve the understanding of leadership in various entrepreneurial contexts, which will surely multiply in the coming years. The upcoming global changes that will undoubtedly occur will also lead to transformations in the entrepreneurial sector, and leadership as an integral segment will have to offer new perspectives in the management of organizations, towards the foreseeable future.

Conclusion

The basic goal of the research procedure was to create a theoretical framework that recognizes leadership entrepreneurship as a practice of effective management of small and medium-sized enterprises. Given that the business direction of those organizations in most cases depends on the current abilities of the owners or founders, our work emphasizes the necessity of continuous development of management competencies, which will raise the role of leadership from basic to strategic level. Understanding and improvement of leadership skills is impossible to establish, unless it is closely connected with the context of entrepreneurship, which the proposed model in this work offers, as an integrated system in stable organizational development.

Mapping the path in the further development of entrepreneurial leadership and understanding its importance in organizational growth is a key segment of this research. Due to the increasing importance of small and medium-sized enterprises

for the growth of the national economy, it seems necessary to connect leadership and entrepreneurship even more closely in order to offer sophisticated theoretical perspectives that will have their wide practical application.

Taking into account that previous investigations of management activities were more oriented towards large and multinational organizations, the need for leadership research in the context of entrepreneurship emerged as a necessary need. That's why it was necessary to improve the practice of entrepreneurial leadership through the creation of appropriate theoretical models, which will help overcome emerging challenges in the market.

By identifying the vital tools for effective management of small and medium-sized enterprises, the authors wanted to offer a new perspective for the leadership contingent, which until now has not been addressed in a structured way, thus opening an entirely new space for the further development of this issue, both in research and in practice.

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DIGITAL TRANSFORMATION AS A CHANCE FOR SMALL BUSINESS DEVELOPMENT

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Abstract: Human civilization has entered a completely new era in which the digital, virtual, innovative and imaginary becomes the main driver of national and economic development. Digital transformation has become the “conditio sine qua non” of modern organizations. The issue of digital transformation of business has become the subject of interest of theoreticians and practitioners, but only in the last few years. That is why its ultimate goal is to create added business value. The use and introduction of a large number of digital technologies in a small business by itself will not provide the expected benefits in the process of innovation itself. The highlighted importance of digital transformation refers to user experience, operational processes, business models, employee experience and digital platforms, as well as to the key domains of small business operations that digitalization is changing.

The task of the work indicates the impact that digital transformation in the business process has on a small entrepreneurial venture. Bearing this in mind, the goal itself is focused on the possible directions of digital transformation of business in conditions of strong penetration of digital technologies and strong impact on small business.

Key words: digital transformation, small business, influence, business

Introduction

Much has been said about the changes that digital technologies have brought us. Everything is different. From interactions with loved ones, through our habits, to shopping and the way we work. We are aware that humanity is changing and that the world has become digital.

The speed and extent of revolutionary and innovative scientific and technological inventions, coming from research centers, startup companies and large organizations, never stop to intrigue us. What was a “science fiction” once, becomes a reality today - through new products and services, without which we cannot imagine life, let alone business.

In addition to the new opportunities, which are provided by dynamic technological progress, the way we live, work and relate to each other is also changing (Group of authors, 2020).

As digital technology developed over time, people began to create new ideas for its business use and not only to do things faster than “the old way”. That’s how the idea of digital transformation began to take shape. With the development of new technologies, suddenly, the new ways of doing business became also possible.

Due to the great fear of digitization, it is inevitable that individuals can be late in applying the social changes (in the sense of staying out of the loop) and it is inevitable to notice that the same is happening in the world of small business.

The entrepreneurs must also face the changes that overall society is facing. It is no longer enough to be “digitally present”. For example, one million of posts go through Facebook every second, while in Whatsapp’s case, we are talking about tens of millions of messages. The amount of end-user data that digital technologies provide

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to small businesses today is enormous. However, if they do not know how to use them (as well as understand their importance), the whole world of data is worthless. Employers who succeed in this, create an almost personal relationship with end users and they also understand that transparency has never been more important because (thanks to technologies), information about everything else is already at hand, and it is important to strengthen trust.

Today, you have to engage users, involve them, offer information exchange, ask them about their opinions, but also to react on their questions and demands. One cannot be so easily fascinated anymore. Thanks to digital networks, ordinary people become “influencers”, who can reach the target group (Andric, 2019).

The digital transformation of business is becoming an integral part of modern business and the question of the success of its implementation gives a measure of the general business success of the organization at the present moment and even more important in the foreseeable future, which is predominantly defined by trends in the development of digital technologies (Sofronijevic et al., 2017).

In this kind of business environment, which is unavoidably globalized, dynamic and highly competitive, the very approach to digital business transformation is almost the only way to successfully carry out these processes (the ones that have passed, that are happening now, or the ones that are expected to come) by all organizations. And we must do it in such a way that will bring positive changes in business. They must be expressed not only through quantitative indicators of business success but also through qualitative (often difficult to measure), extremely significant features of the organization, such as innovation, creativity and the ability to develop (Sofronijevic et al. 2017).

Methodological theoretical concept of digital transformation research

Business modernization is in “a full swing”. It is already noted that 70% of small business owners have a digital strategy, or are actively working on it. Digitally transformed organizations are predicted to contribute more than half of global GDP by 2023 (Republican Bureau of Statistics, 2022).

The usage of digital data and documents has become exponentially more efficient for small business owners, but the business systems and processes are (unfortunately) still largely designed around the analog-era habits of how to find, share, and use information.

Digital transformation (Djermanovic, 2019) implies a specific way of communication (with clients, customers, employees, the public, etc.). We are talking, of course, about using digital channels, but that includes not only sending sales messages, but also engagement and interaction.

The transformation itself is reflected in how a business or organization functions (from start to finish), that is, how it fulfills its purpose. This refers to specific things such as the method of delivery of goods or services, coordination of work, points of sale or contact with users.

Digital transformation changes the way of doing business and, in some cases,

creates completely new types of organization (Djermanovic, 2019). With digital transformation, small business employers are stepping back and rethinking everything they do, from internal systems to customer interactions. In doing so, they focus on the issue of changes in their way of doing business that will enable better decision-making, greater efficiency in work, or a better user experience with greater personalization.

Digital transformation is a cultural, organizational and operational change of an organization, industry or ecosystem through the smart integration of digital technologies, processes and competencies at all levels and functions - conducted through a guided and strategically planned process (Kremergaard, 2021). It implies the use of technologies that create added value and new types of services, innovations and the acquisition of the ability to quickly adapt to changing business circumstances. Digital transformation is not just about technology. It is about value, people, optimization and the ability to adapt quickly when needed, through the intelligent use of technology and information (Kremergaard, 2021). This profound change in business and organizational activities, processes, competencies and models, is being done in order to take full advantage of the changes and opportunities of various digital technologies and their accelerating impact on society.

Impact of digital transformation on small business and research results

The importance of small business can be explained by the following facts:

- small companies are easier to adapt to market requirements;
- they overcome the resulting disturbances in the business environment more successfully;
- they can work successfully even with a relatively small volume of invested capital;
- small businesses are more flexible compared to large businesses;
- they mostly use local resources;
- they contribute to increase in the diversity of the economic structure and employment;
- they often arise as a consequence of the commercialization of innovations, i.e. innovation is the reason for their establishment;
- they enter and leave certain economic branches relatively easily;
- very often they are in the hands of members of the immediate and extended family and that is why they are strongly interested in the survival, growth and development of the business in one of the legally available forms and, most often, in the form of a company;
- as entrepreneurial firms, they can experience exponential growth and become a generators of economic development in every country (Dostic, 2003).

It is recognized all over the world that small businesses, especially newly established ones (Milosevic, Popovic, 2019), are very important for the national economy, regardless of whether they are highly developed economies or developing economies or economies with low net profit. This is because SMEs largely contribute not only

to economic prosperity but, also, specifically to employment, gross domestic product growth, innovation, technological progress and overall development (Milosevic, Popovic, 2019).

The mentioned facts are also the reason why the small companies do not burden the social welfare funds with requests to cover losses, to take care of unemployed workers, etc. On the contrary, their economic and financial stability and satisfactory degree of profitability, emphasize the economic strength of society as a whole, and positively influence its stability and development. The main “culprits” for the formation of a small business, and for the further growth and development of business in general, are entrepreneurs.

It has always been said that there is no healthy development of the economy if there is no support for the development of small business. All large and strong economies in the West are based on the development of small businesses which, over time, turn into medium ones, and medium ones (eventually) become large ones. There is still no such possibility in our country, because small entrepreneurs struggle with various obstacles every day:

- long delays in billing for delivered goods/services;
- high levies in the form of taxes, contributions and fees;
- competition in the form of large systems (hypermarkets, factories).

All of the above, represents an aggravating circumstance in the creation of new jobs and, also, in keeping the existing ones (that pay all the legal contributions). That is why a large part of the employees in the private sector of small shops, cafes and restaurants are employed either illegally, or are registered “on the minimum wage”. With a reduction in the number of levies, small businessmen could more easily contribute to the development of the local community. and improve their own business. The importance of having a local small business is that, when you buy something from a neighbor’s shop, that money goes to the salary of a worker or workers, who will spend part of that money again in their neighborhood. In this way, the circle of support for small enterprises, which need help, is expanding.

The biggest challenge (that every small business owner faces) is completing the business activities within the given time and within their own budget. Quality is often neglected in the race to get the job done within an unrealistic deadline. Therefore, for the success of a small business of any kind, it is necessary for the owner to correctly define priorities, identify challenges, and have a clear picture of the limitations of their own resources and their maximum. Frequent pitfalls are both overestimating and underestimating the potentials of one’s capacities. The efficiency is the thing that they must strive for.

Exactly 25,816 business entities were founded in Serbia in the first six months of this year, which is 4,520 more companies and entrepreneurs who started business than in the same period last year - announced the Agency for Business Registers (APR). As stated in the report (in the first half of the year) 5,569 companies were registered, which is 12.5 percent more than in the same period last year; while 1,866 companies were, simultaneously, deleted from the register (which is 269 more than in 2021). In

the first six months of this year, 20,247 new entrepreneurs were registered (which is 23.8 percent more than at the same time in 2021), and 12,829 entrepreneurs were deleted from the register (1,586 more than last year) (Agency for Business Registers, 2022).

The majority of newly founded (and closed, too) companies were in the field of wholesale trade, computer programming, consulting activities, high-rise construction and catering. At the same time, most of the new (and also deleted) small businesses are registered in the areas of catering (restaurants and mobile catering facilities), computer programming and there are also hair and beauty salons, and road transport (Agency for Business Registers, 2022).

The world of small business is evolving. Competition, the beginning of the Internet era, mergers and acquisitions (not to mention the recession) have forced small business owners to rethink their business ventures. Competition really exists.

With the recession, it is increasingly difficult for small businesses to be competitive in the market. Many small business owners wonder how they can actually survive the recession, and the answer lies in digital transformation, which should be a priority of business processes.

The improvement of the customer services, finance sector and business development, must not be left out but (during a recession) nothing is more important than digitizing all processes used in managing of small businesses. Digitization effectively drives operations in the small business world. What's more important, during a recession, digitization often decides whether you will go out of business or achieve great results. During the difficult times, it is necessary to learn how to stretch the budget in order to invest more in digitalization. New digital techniques simply help small businesses thrive, thanks to their digital tools. As a result of that, the market becomes immune to economic trends, and there are greater chances to increase the reach, regardless of the environment (Jacob, 2019).

Of all business people, small business owners have the largest need for the use of available technologies. The reason is simple. Every small business is full of resources. At least in the beginning. Moving to cloud technology can be a good idea to increase efficiency.

The biggest expenses are (certainly) in human resources. Thoughtfully assigned tasks and monitoring the employee's productivity, helps to get the most out of the minimum. There are a handful of online tools used by successful small business employers. And communication with outsourced collaborators and in-house employees via the Internet also shortens time and reduces costs.

Discussion through small business digital solutions

In order to implement organizational digital transformation in a small business, every organization must focus on the following three areas (regardless of the activity it is engaged in):

- Resource allocation: How will you decide what to invest in? Are you able to discard initiatives and parts of the business that have no potential for

the future? Can you leverage resources from existing lines of business to support new investments?

- Changing the measured values: What results are measured by senior management and decision makers? Do they only apply to existing business practices or can they also support new directions of development? What should be measured in the different stages of the transition to a new business model?
- Establishing impulses: What behavior is allowed, supported and rewarded in the organization? What are the managers responsible for? How are they assigned to new positions? Do compensation and recognition support or hinder necessary changes in strategy? (Krahovic, 2021)

A common mistake is that small business organizations focus on the technological component of the digital transformation framework. This happens because it is the most widespread trigger for starting such a transformation. While technology is a vital component, overlooking other steps will quickly prevent transformation.

Similarly, even if all streams are working towards a common goal, if there is no cooperation, the program will be crippled. If knowledge and insights are not shared, duplication will occur and progress will slow down. The solution to this is to ensure the existence of regular communication meetings at all levels of the organization, for those who lead the transformation, as well as for those who deal with the program on a day-to-day basis. This method of regular communication and team engagement also reflects a different way of working for many organizations. Nevertheless, joint cooperation is one of the desired outcomes of any digital transformation framework (Krahovic, 2021).

The sooner this way of working becomes part of the organizational culture of small businesses, the faster they will advance in their transformation.

A member of the Association of Young Businessmen of Serbia (AYBS) who has launched the SDR Hire platform (which deals with the provision of digital services) points out that a distinction should be made between the digital sale of products and the sale of digital products. He goes on to say that a small business owner can move their school supply store online, for example, and introduce online shopping. And this is an example of traditional entrepreneurship being transferred to the digital channel (Association of Young Businessmen of Serbia, 2022).

On the other hand, the digital employer of a small business venture, creates a software, a digital service or a digital product, which is then (most often) marketed through digital channels. Some examples of digital products are Ebooks, online courses, live lectures, webinars and the like.

Also, the digital business of small businesses includes digital services, such as programming, web design, SEO services, writing articles, writing e-mail marketing campaigns and many others. Most often, the offer and demand for such services are found on sites such as Upwork, Fiverr, Freelancer.

In Serbia, there is an extremely large potential for the development and implementation of digital transformation in small business, because most of the new employers see

it as the first and right option for modern business.

From the perspective of desire, ambition and innovation, there is no shortage of small business employers ready to embark on digital transformation. But, on the other hand, it is largely systemically prevented for employers who are generally engaged in entrepreneurship to be successful in it, and digital entrepreneurs even less so. There are no educations on entrepreneurship, on the tax system. Banks look at entrepreneurs as credit-unfit individuals, while the subscription business model does not work in Serbia.

Although it has great potential for employment, digital transformation in small businesses in Serbia is still not sufficiently recognized as a business model.

The majority of entrepreneurs and owners of small businesses in Serbia are young people, people in their twenties, thirties, and even forties. Generally speaking, it can be said that young people in Serbia are involved in digital transformation, but to an insufficient extent as far as the business world is concerned.

The main problems of implementing digital transformation in small business in Serbia is that this way of doing business is insufficiently promoted as a career path.

On the one hand, being an entrepreneur is anathematized as a difficult and unstable life and, on the other hand, it is reserved for some people whose circumstances are completely different from ours. In primary and secondary schools, entrepreneurship and small business as a vocation are rarely discussed, and even less so in colleges. All this leads to the fact that a small number of people dare to try their luck at entrepreneurship and small business. Those people, then, encounter infrastructural difficulties that further deter them from this path, and we end up with a handful of individuals trying to persevere with their ideas and ambitions. What is often forgotten is that all companies that employ people with this profession (as a default career path) were just born out of the entrepreneurial ventures of their founders - some five, 10, 20 or maybe even 100 years earlier.

Business Central for small business includes licenses for a business system (Microsoft Dynamics 365 Business Central) and a package of services to introduce a customized area of business to make the employer's system function properly. Business Central for Small Business enables employers to use their own resources by empowering them to set up the system themselves, with simple instructions, templates and easy guidelines. Created in response to the need for a new kind of business system and setup and setup that makes sense for small businesses.

Small businesses can greatly benefit from a powerful system like Microsoft Dynamics 365 Business Central, as they don't need the extensive reporting and setup required for larger, more complex companies.

Small businesses are resourceful, adaptable and without a large administration and, as such, benefit from a quick, affordable introduction of such a system. They need:

- system introduction plan,
- guidelines and
- tools,

so that they can use the system smoothly and see the benefits it brings.

Business Central for Small Business is backed by years of GoPro company experience and fully tailored to the needs of small, growing businesses. The packages are exclusively designed for small and medium-sized businesses that have someone on their team who is familiar with accounting and is comfortable using technology. This implementation concept makes the business more proactive in the process itself, and, at the same time, it is supported by the extensive experience of the GoPro company. This enables the usage of the maximum potential for more precise analysis and management of the organization's performance.

In order to provide support to the SME sector in Serbia, on the path of digital transformation OTP Bank, together with the Association of Serbian Banks, will organize a series of educational activities based on the financial education of vulnerable groups which, due to the crisis caused by the pandemic, include micro, small and medium-sized organizations, which they represent the key to the development of the community and the growth of the domestic economy.

Although the infrastructure in Serbia sometimes does not offer favorable conditions for small businessmen who are starting their business, the possibilities of the digital world are, on the other hand, almost unlimited. Digital processes in a small business represent a form of business that enables the founder to sell digital products (that is, services) in the domestic or foreign markets.

Conclusion

In order to achieve the possible realization of ideas and accomplish success, it is necessary to have digital knowledge. If you wish that your ideas can be concretized and to have the possibility of realization, you must know:

- the new technologies that are used,
- distribution channels,
- suppliers,
- customers and their needs,
- production and distribution costs,
- margins,
- monopolies,
- dominant market "players" and their strong and weak points.

It is known that "no one is born experienced", which is also true for digital transformation in small business. There is the possibility of training and courses that will help to master some of the innovative skills and gain knowledge, but the vast majority will be acquired exclusively through experience, constant contacts with customers and suppliers, and constant monitoring of new technologies. Digital transformation will enable small businesses to improve their existing business segments.

The development of new competencies directs companies to be more agile, people- and customer-oriented, innovative, focused, efficient and to be able to take advantage of opportunities to change the existing conditions and use new data sources. Here are some of the main benefits of digital transformation that can become a reality for

any small business:

- Saving time by automating manual processes;
- Creation of a serious customer database;
- Business resilience to future uncertainties;
- Identification of the vision that guides the entire business;
- Focusing on user experience;
- Identification of all aspects of the organization that slow down or hinder work with clients;
- Ranking the potential value of each strategy;
- Making decisions based on quality data.

Digital technologies and the ways we use them in our personal lives, work and society are forever changing the face of business. In short, digital transformation is no longer just a futuristic idea. The necessity of its application can not be ignored, certainly not if the organization has any interest in success or profit.

Whether small business owners are ready to innovate or not, it is certain that digital transformation will not bypass them. Information has become a basic tool for understanding how the world works in the 21st century. If the available data is used and analyzed in the right way, it can be an excellent tailwind and it can influence strategic changes in any business. According to some researches, the world market of digital transformation will be worth 798 billion dollars by 2025. But it is clear that it will not stop there, because the world of artificial intelligence has just begun to develop and it is also not possible without digital transformation, which will lead to new technological breakthroughs in all spheres of life.

Although adapting business models is a challenging process, turning to the digital arena undoubtedly enables small business growth. The most common reasons for this are:

- Attracting new customers - For any company that wants to do business successfully, it is important to understand and adapt to consumer demands and “listen” to changes in the market. By moving business to the digital sphere, retailers show interest in customer needs and build a loyal base, but also attract new categories which (in the long term) means maximizing profits.
- Cooperation with international companies - Companies that intend to cooperate with the foreign market and thus increase their profits, can not take this step without digitalization. The transformation significantly accelerates and modernizes procedures, and it is a prerequisite for cooperation with world-renowned.
- New products and services - Improvements brought by modern tools increase the efficiency of the entire company. Additionally, modernization of the work process provides motivation to employees, opens space for innovation and contributes to the development of new products and services (Djermanovic, 2019).

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INFLUENCE OF FLAIR FACTORS ON COMPENSATION – BALANCING CONTRIBUTIONS AND PAY EQUITY

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Abstract: The utmost priority of every organization in today's competitive environment is to attract and retain top talents. The aim of this paper is to emphasize the importance of "flair factors" those greatly valued personal qualities that enable an organization to accomplish its mission. The paper links insights about flair factors, as critical elements of organizational success, with the development of a compensation philosophy that can help organizations to recruit, attract, and retain top talented employees. Moreover, nine often-repeated errors made in developing and administering an effective compensation system are outlined. Finally, the paper benefits to both scholars and practitioners by suggesting how to solve the problem of identifying and hiring the right people for successful performance in organizations

Key words: flair factors, compensation philosophy, top talents.

1. Introduction

A critical priority for every modern organization is the need to hire and retain employees who add value and distinguish an organization from its competitors (Porter, 1998). Jim Collins (2001), the author of many highly-regarded business books and an acknowledged expert about excellence in performance, explained that organizations must "get the right people on the bus." Lacking top quality talent, Collins emphasized that in today's competitive world a company is destined to fail in its efforts to compete. The ability of organizations to attract outstanding employees is limited when organizations develop a compensation philosophy that is inconsistent with the strategic goal of hiring "the best" people. In addition, many organizations fail to understand the qualities of those highly qualified individuals who add the greatest value to their companies nor do organizations successfully demonstrate the abilities required to distinguish those individuals who possess those unique abilities.

The purpose of this paper is to identify the importance of recognizing the "flair factors," or those capabilities that make the critical differences in contributing to an organization's success, and adopting a flexible but equitable compensation philosophy that fits with the needs of companies to attract the individuals that possess those rare abilities. The paper begins by defining "flair factors," briefly explaining how they are important in adding value, and describing four problems associated with identifying candidates that possess those factors. We then address the importance of developing an organization's compensation philosophy that allows it to attract and retain those highly talented individuals who possess flair factors – noting four important compensation philosophy elements necessary to hire people whose talents are critical to an organization's success. We then suggest five contributions of this paper for scholars and practitioners in solving the problem of identifying and hiring the right people for successful performance in organizations (Collins, 2001).

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2. Understanding Flair Factors

The keys to competitive advantage include the ability to possess resources that are valuable, rare, difficult to imitate, and organized to capture value (Rothaermel, 2020). According to the Resource-Based view of the firm, unless a firm possesses unique resources that fit these four criteria, that firm is subject to being overtaken and made irrelevant by its competitors who possess superior advantages (Barney, 2001). In identifying the factors that fit within those distinguishing criteria firms that lack the dynamic capacity to take advantage of their resource advantages are as limited in their ability to sustain an advantage as firms that lack those factors (Cardeal & Antonio, 2012).

The Harvard University expert on competitive advantage, Clayton M. Christensen (2011), emphasized the importance of identifying the critical skills necessary for sustaining an advantage, acquiring the human capital who possess those skills, and then empowering and supporting those individuals so that they can actually utilize their potential. Christensen (2016) explained that successful organizations must acquire a deep understanding of the key factors of competition and the underlying factors of each advantage. Lacking that ability to discern how and why unique skills can create new advantages, firms are destined to fail (Christensen & Raynor, 2013).

Identifying individuals with the unique skills, or flair factors, that others do not possess – whether those are single skills or a combination of capabilities – is often at the heart of a sustainable advantage. Unfortunately, many firms lack the ability to identify the candidates who possess the skills necessary for their strategic success (Highhouse, Doverspike & Guion, 2015) – and it is the rare organization that understands the qualities that actually distinguish outstanding performers who possess those unique factors (Gomez-Mejia, Balkin & Cardy, 2015). Flair factors are those greatly valued personal qualities that enable an organization to accomplish its mission in an unusually effective way by adding value in ways that others are unable to achieve. Caldwell, Beverage & Converse (2018) explained that flair factors consist of five qualities that contribute to an outstanding organizational result.

1. ***The ability to focus on correct purpose.*** Recognizing what needs to be done and distinguishing tasks from outcomes to achieve are critical to this focus.
2. ***A clear understanding of unique competencies.*** Knowing one's talents and their application to achieving a desired result enables a person to take proper action.
3. ***The capacity to apply abilities to a situational context.*** Recognizing how to execute and to adapt to circumstances makes success possible.
4. ***An unflagging personal commitment to results.*** Determination to give one's total effort drives action to achieve a desired outcome.
5. ***Personal integrity that generates trust.*** The ability to earn the respect and trust of others empowers combined effort.

Figure 1, provided below, clarifies the contribution of the qualities that make up flair factors (Caldwell, Beverage & Converse, 2018).

Figure 1: Essential Qualities of Flair Factors



The unfortunate reality in many organizations is that the means used to assess candidates' qualifications for vitally important positions are neither valid predictors of applicants' ability to succeed and are often unfair to candidates who possessed these unique capacities (Sackett, Borneman & Connelly, 2008).

2.1. A Classic Example of Flair

Robert Irish provided a marvelous example of the failure to understand true flair in American history (Caldwell, Beverage & Converse, 2018). The failure to recognize the critical qualities for success involved two individuals, George B. McClellan and Ulysses S. Grant – two important generals in the American Civil War, or the US War Between the States. Table 1, provided below, summarizes the differences in the traditional qualities used to assess these two individuals and provides rich evidence about the limitations resulting from failing to recognize critical flair characteristics.

Table 1: Comparing McClellan and Grant

Criteria for Measurement	McClellan's Qualifications	Grant's Qualifications	Comment
Education	Graduated second in his class at the US Military Academy, despite entering at age 16. Considered to be brilliant and was one of the most popular individuals in his class.	Accepted reluctantly by the US Military Academy but distinguished himself as an outstanding horseman. Finished in the middle of the class at the academy after a slow start.	McClellan distinguished himself as a scholar and a leader. Grant distinguished himself for his riding abilities.
Business Success	Served in a major executive role for the Illinois Central Railroad.	Failed miserably in business and lived in poverty for seven years. Worked as a clerk and wagon driver.	McClellan was a business success. Grant was a failure.
Family Background	Son of a prominent surgeon and founder of Jefferson Medical College.	Father owned a tannery and family was considered "middle class."	McClellan was from the elite class. Grant was middle class.
Mexican War Experience	Played a major role in the war under General Winfield Scott and performed effectively – receiving two commendations.	Forced to resign after an undistinguished tour of duty because of a drinking problem to avoid public embarrassment.	McClellan was a great success. Grant was an embarrassment to himself.
Personal Reputation	McClellan was well-liked, immensely popular with his peers, revered by his men, and considered a great leader and organizer.	Grant was considered to be an excellent horseman and a hard worker, although frequently troubled by an alcohol problem.	McClellan was universally respected as a great leader. Grant was held in suspicion.
Public Perception	Nominated for the US Presidency by the Democratic Party, considered by many to be a great success and was expected to beat Lincoln in 1864.	Grant was considered a butcher as a military leader who sacrificed his troops for an advantage and was rumored to be a heavy drinker.	McClellan was considered a person of the highest regard. Grant was frequently criticized until he finally beat Robert E. Lee.

Clearly, by the standards that many so-called "experts" would suggest, McClellan was far and away the superior candidate than Grant. However, history reveals a far different story.

McClellan was properly credited for building a strong and well regimented army - drilling his soldiers and establishing discipline. He has been excused by some scholars for his reluctance to engage the Southern Army because of legitimate evidence that he had an inconsistent supply line sufficient to sustain battle (Bonekemper, 2007). Abraham Lincoln appointed McClellan twice to be the head of the Northern forces – but complained that McClellan suffered from "the slows." McClellan repeatedly chose a conservative approach to the war – despite overwhelming resources

compared with the Southern army (Burlingame, 2011). Meanwhile, McClellan had little regard for Lincoln and his leadership – calling him at one point “nothing more than a well-meaning baboon” (Waugh, 2007). In November of 1862, Lincoln gave up on McClellan as the Northern commander – actually running the war directly from Washington.

During the time that McClellan was ineffective, Grant was making a name for himself in the western battlefield. Unlike McClellan, Grant was aggressive and iron-willed in his commitment to defeating the Southern armies. Appointed Major General in 1862 after significant military victories, Grant’s fighting style earned him Lincoln’s respect (Bonekemper, 2015). When critics in Washington complained of Grant’s fondness for alcohol, Lincoln is said to have replied, “Well, I wish some of you would tell me the brand of whiskey that Grant drinks. I would like to send a barrel of it to my other generals (Johnson, 2012). Grant forged a strong partnership with William Tecumseh Sherman – with both men having shared personal experiences in their past that had discredited them and their personal and military reputations.

The partnership between Grant and Sherman allowed the Northern armies to ultimately overwhelm the Southern troops who struggled for the bare necessities of food, clothing, and ammunition -- and saw their supply lines riddled by Union troops. The relationship between Grant and Sherman proved to be the most important partnership of the Northern Army and eventually enabled the Union forces to slowly but steadily wear down their Southern opposition (Flood, 2006). Although Grant’s willingness to confront the Southern army at every opportunity sometimes resulted in great Union losses, his relentless attack and the superior number of personnel in the Northern army enabled him to torment the Southern troops and diminish their numbers.

1.2. Grant’s Flair Factors

Although Ulysses S. Grant was at no time an equal of George McClellan in terms of his “on paper” traditional qualifications, he possessed five important flair factors. Each of these flair factors possessed by Grant distinguished him from McClellan and were fundamental to Grant’s successful achievements as head of the Northern military forces.

- 1. A clear sense of his own strengths and capabilities that aligned with the Northern army’s needs.** Grant was in every way doggedly determined to overwhelm the Southern army and recognized that his persistence, perseverance, and dedication – or pure grit – was a necessary personal trait that would enable him to eventually wear down the Southern army. This persistent commitment was Grant’s most important characteristic and often enables a less talented individual to outperform a person with more natural abilities but less dedication (Duckworth, 2018). This dynamism, or the capacity to successfully translate a plan into action (Kouzes & Posner, 2011), is recognized as a quality of great leadership that McClellan did not demonstrate.

2. **Willingness to take well-calculated risks.** Grant, while aware that his plan of action required him to place his men in sometimes strategically inferior positions, was willing to engage the Southern forces time after time in order to ultimately bring an end to the brutal war in which he was engaged. Although this willingness to fight earned him the criticism of many Northerners, Grant realized that his commitment to action was a heavy but necessary price to pay to eventually overcome General Robert E. Lee and the Southern army (Bonekemper, 2015).
3. **Awareness of the ultimate superiority of the Northern army in resources.** Grant understood that his overwhelming superiority in men and supplies was a key factor to achieving success against the Southern army (Burlingame, 2011). Constantly pressing the Southern forces, Grant kept them on the move and unable to obtain the food and reinforcements required to battle the Northern army. Together with the destructive power of William Tecumseh Sherman's burning of Southern farms and properties, Grant's constant pressure kept the Southern army moving and unable to acquire the resources required to sustain a defense against a relentless attack (Flood, 2006).
4. **Ability to earn and retain Lincoln's confidence and support.** President Abraham Lincoln saw through Grant's limitations and personal shortcomings. Lincoln recognized that Grant possessed the force of personal will and a realization of the eventual superiority of the Union forces. Despite the polish and grace that Grant may have lacked when compared to George McClellan (Burlingame, 2011), Lincoln came to understand Grant's positive capacities and supported Grant's efforts to harass and beat down the South, despite the bloody battles and loss of men that resulted from the Northern strategy (Bonekemper, 2015).
5. **Appreciation of William Tecumseh Sherman's talents.** Grant perceived in Sherman a man who he could trust. Though Sherman had gone through a nervous breakdown, Grant realized Sherman's fierce commitment and dedication as a commander of Northern forces. Grant and Sherman became close friends, as well as military allies, and that confidence that Grant showed in Sherman paid off handsomely (Flood, 2006). Sherman's devastation of the Southern landscape not only demoralized the populous but severely limited the food and supplies necessary for Robert E. Lee's Southern army to sustain itself.

Each of these factors were qualities that McClellan never possessed. McClellan, while superior to Grant in his past achievements and personal background, lacked the willingness to take action. McClellan, although gifted in many ways that clearly exceeded Grant's qualifications, never succeeded in sustaining an attack against the forces led by Robert E. Lee. Though McClellan possessed many admirable talents, he was ultimately lacking in the ability to win Lincoln's trust or guide the Northern forces to victory.

Comparing Grant and McClellan with the five essential flair elements clarifies the

differences between these two Northern generals and provides insights about Grant's strengths and McClellan's limitations.

Table 2: Comparing Grant and McClellan with the five flair factors

Flair Factors	Grant's Qualities	McClellan's Qualities	Comment
Focus on Purpose	Grant recognized the priority to win the war as the fundamental objective.	McClellan was reluctant to engage the Southern army and later was opposed to winning the war.	Grant had a clear purpose. McClellan's purposes were uncertain.
Unflagging Commitment	Grant's perseverance, commitment, and dedication were unchallengeable.	McClellan's case of "the slows" evidence his lack of commitment and uncertainty.	Grant was a man of action had consistency. McClellan waived.
Personal Integrity	Grant demonstrated his integrity in earning the trust of Lincoln.	McClellan neither respected Lincoln nor earned his trust – and privately treated him with contempt.	Lincoln trusted Grant's integrity and struggled with McClellan's failures.
Contextual Adaptation	Grant saw what needed to be done and was relentless in pursuing his plan.	McClellan's actions were inconsistent with the Northern army's ultimate objectives.	Grant understood what was needed to succeed and did it. McClellan failed.
Knowing One's Competencies	Grant knew he had the dogged focus to ultimately win with the North's superior resources and demonstrated his competencies.	McClellan viewed himself as a "Napoleonic leader" and had an inflated opinion of his competencies – failing twice as head of the Northern army.	Grant possessed the ability to apply his strengths to the task at hand. McClellan overestimated his abilities and accomplished little.

Grant clearly demonstrated five key flair-related qualities and succeeded as a result. McClellan was largely ineffective in achieving the North's objective of winning the war.

The inability of the overwhelming majority of Human Resource Management departments to understand the importance of flair factors is, unfortunately, a root cause of the failure of many organizations to identify the skills of uniquely qualified candidates (Caldwell, Beverage & Converse, 2018). For companies that recognize these flair factors, however, there are also frequently failures in their compensation philosophies that inhibit their ability to attract and retain top talent. The linkage between identifying and ultimately hiring great employees is a sophisticated skill that is sometimes difficult to accomplish. The next section of this paper identifies some of the problems associated with establishing and implementing a compensation philosophy that enables an organization to hire and retain employees who possess the requisite flair factor skills to add unique value to an organization.

3. Compensation Philosophy and Its Critical Importance

A compensation philosophy is a formal statement adopted by an organization's Top Management Team and Board of Directors that reflect the integration of the strategic goals of a company and its philosophy of total compensation required to accomplish its strategic objectives (Berger & Berger, 2015). That philosophy explains the rationale behind employee salary and benefits and creates a framework for balancing internal equity, external equity within the market, and the unique value-added contributions that employees contribute to strategic success (Milkovich, Newman & Gerhart, 2020).

The compensation philosophy that is most successful for companies typically identifies a specific company's total reward assumptions, establishes parameters about consistency and flexibility, and affirms the company's commitment to sharing success with its employees (Beer, 2009). In a world where change is constant, an organization should periodically review the impacts of its compensation philosophy to reflect economic conditions, as well as its ability to retain outstanding employees (Martocchio, 2016).

Unfortunately, there are difficulties that Top Management Teams and Human Resource Professionals struggle to overcome as they develop and administer compensation programs in organizations of various types. The root cause of these problems is often the failure of managers and leaders to fully recognize the implications of the compensation system and the strategic goals of a firm (Milkovich, Newman & Gerhart, 2020). This lack of alignment between strategy and organizational problems has long been identified as a major dysfunction of organizations (Pfeffer, 1998). Despite the fact that this failure to align strategies with policies, programs, procedures, and systems is a well-known problem facing so many of today's modern organizations, the problems persist (Caldwell & Anderson, 2018). The following are nine often-repeated errors made in developing and administering an effective compensation system.

- 1. Scarcity mentality about availability of resources.** It is ironic that intelligent individuals repeatedly overlook the reality that paying employees fairly creates increased employee commitment. The root cause of such fuzzy-headed thinking has been labeled "the scarcity mentality" and refers to the failure to recognize that resources that generate a positive return on investment create profit for organizations (Covey, 2004).
- 2. Limited ability to understand what to measure.** Unfortunately, the difficulty in understanding the factors that lead to high performance is often misunderstood. W. Edwards Deming (2000) cited this failure to fully understand the implications of measuring meaningful outcomes – rather than seeking instead to count outcomes of activities that are more easily measured. Steven Kerr's (1975) famous article about why organizations "reward A while hoping for B" is a great example of the common tendency to fail to understand what produces results.
- 3. Bureaucratic reliance upon past experiences.** Bureaucratic rules based

upon past contexts that no longer apply are a common dysfunction in organizations (de Jong, 2016) and the formalization of such rules can be in conflict with creating a compensation system that meets modern needs (Martocchio, 2016). “Because we have always done it that way” can be a source of frustration for employees looking for a better way of performing their work and can also be a detriment to policy makers who are responsible for compensation decisions (Caldwell & Anderson, 2019).

4. **Inability to recognize the concept of “value added.”** Recognizing what adds value to both external and internal customers of an organization is a skill that demonstrates a clear understanding of an organization’s mission and purpose – and the correlations between tasks and activities and those defining parameters. Equating compensation with the value of work performed and the tasks to be accomplished is at the heart of understanding flair factors (Caldwell, Beverage & Convers, 2018).
5. **Failure to understand the contribution of flair factors.** Just as McClellan’s qualities were greatly overrated and Grant’s abilities were underappreciated, it is easy for leaders, managers, and supervisors to overlook the important flair factors that are critical to the competitive success or failure of organizations (Barney, 2001). For example, in World War I the Office of Strategic Services recognized that their selection process for identifying successful spies was focused on the wrong set of criteria – resulting in the individuals who were chosen frequently being killed (Thornton, 2014).
6. **Ineffective job analysis process in defining key qualifications.** The job analysis is often done imprecisely. It is relatively easy to identify tasks to perform as part of a job responsibility but much more difficult to identify the key factors that determine what it takes to offer unique value to a position (Caldwell, Beverage & Converse, 2018). Subject Matter Experts about job performance even disagree about key qualities that are critical in adding that value (Kahneman, 2013).
7. **Reluctance to reward performance outcomes.** Many organizational leaders adopt a “rank in position” approach to job classification and fail to recognize or reward “rank in person” which is often the defining factor for an outstanding value-added contribution to an organization’s success. Furthermore, Top Management Teams are reluctant to upset an organization’s compensation system – even when they cognitively recognize that key positions can add far more value than the “rank in position” job classification may reflect (Mikovich, Newman & Gerhart, 2020).
8. **Overreliance on internal pay equity in current pay system.** Internal pay equity is limited in its accuracy, based upon the competence of the analysts evaluating jobs. The trend to broad range, rather than narrow range, compensation systems has made it possible to overcome some of the weaknesses of traditional internal pay equity programs (Berger & Berger, 2015). For many organizations, pay continues to be capped and is

dependent upon longevity or the formal process of the Top Management Team in authorizing the creation of job descriptions that reflect the unique contributions of outstanding performers (Singh, 2017).

9. **Misguided belief that existing assumptions will attract outstanding candidates.** Candidates that possess flair can often be unique in the way that they think. Today's compensation systems often lean toward bonus systems, financial rewards, and salary remuneration as the motivating factors that attract highly skilled and uniquely qualified job candidates (Berger & Berger, 2015). However, non-financial factors that reflect the intrinsic priorities that motivate are often the primary concerns of many individuals, once a threshold of compensation is reached (Mikovich, Newman & Gerhart, 2020). Understanding the internal motivation of others is often overlooked in recognizing how to attract and retain candidates with unique skills (Nestor & Schutt, 2018).

These nine common errors in developing a compensation system reflect traditional thinking about compensation management that fails to recognize the importance of individuals with the capacity to make a profound difference in the competitive success of an organization. Nevertheless, that failure to fully understand the value of outstanding employees and the flair factors that they possess can lead to an organization's creep into mediocrity, decline, stagnation, and eventual demise.

To successfully counter the difficulties that organizations face in attracting and retaining employees whose unique skills can influence a company's success or failure, we identify four important points to consider in developing a compensation philosophy that acknowledges the value of employees who possess critical flair factors.

1. **Reexamine what customers value and how that value is created.** Value and quality are subjective measures that are ultimately defined by customers (Deming, 2000). Focusing on processes and tasks to achieve efficiency can improve organizations, but determining what it takes to meet present and future customer needs is essential to survival (Christensen, 2016; Christensen & Raynor, 2013). Ultimately, value is about effectiveness in meeting customer needs. Compensation plans must focus on those activities that ensure customer satisfaction at a world class level (Collins, 2001).
2. **Identify the critical factors that determine competitive advantage.** Being "as good as" the competition affords a company no advantage. Constantly improving and going beyond what competitors can provide is the *sine qua non* of sustainable advantage (Caldwell & Anderson, 2019; Caldwell & Anderson, 2017). Developing the metrics to measure what, who, and why advantages are created enables a firm to focus on acquiring those skills and the people who possess them.
3. **Confirm the key qualities required to sustain advantage.** Constantly assessing the factors that are essential for success demands concentration, focus, and analytical sophistication on the part of organization leaders.

The unfortunate reality is that even alleged experts struggle to confirm or disconfirm the factors that are key to success (Kaheneman, 2013). Experimenting and monitoring the key elements of success that delight and surprise customers is an ongoing quest. Identifying, attracting, and retaining individuals who can deliver what customers need is absolutely required (Collins, 2001; Collins & Hansen, 2011).

4. **Target individuals who possess flair qualities.** Recognizing the unusually gifted, the passionately dedicated, and the focused visionaries who both understand an organization's mission and who are willing to sign on as owners and partners is a rare Human Resource Management skill (Caldwell & Anderson, 2018). Individuals who possess qualities of flair need to be understood, effectively courted, and compensated in a manner that matches their priorities. The compensation package offered to such individuals must be aligned with their individual needs – as well as their contribution to organization success (Mikovich, Newman & Gerhart, 2020; Singh, 2017; Berger & Berger, 2015).

These four elements are only a part of the considerations required to adopt a compensation philosophy that facilitates an organization's ability to hire those uniquely skilled individuals who possess job-related flair factors. Although a compensation philosophy must meet many criteria to achieve an organization's purposes, failing to recognize the importance of hiring and retaining talent that possesses rare and difficult-to-imitate skills is a self-destructive choice that can ultimately destroy an organization long-term.

4. Contributions of the Paper

This paper links insights about flair factors as critical elements of organization success with the development of a compensation philosophy that can help organizations to recruit, attract, and retain employees who possess the unique value-added flair factor qualities. The following are the five contributions of this paper for practitioners and academic scholars to consider.

1. Affirms the importance of flair factors as critical skills for maintaining an organization's competitive advantage.
2. Identifies five essential qualities associated with flair factors and uses Grant's successes as examples of flair.
3. Links an organization's compensation philosophy with attracting and retaining employees with flair.
4. Describes nine common errors in failing to implement a compensation philosophy that recognizes the value of flair.
5. Offers four strategic points to consider in adopting a compensation philosophy aligned with compensating flair.

As Top Management Teams, Human Resource Professionals, and Boards of Directors reflect on their abilities to accomplish great things in organizations, the importance of flair factors – and creating compensation systems that attract

employees with flair – are important considerations for successful organizations.

5. Conclusion

Sustainable advantage is increasingly difficult to sustain in a global economy where competition is keen. While technological resources are obviously important in the quest to compete, the valued of highly talented employees – especially employees with the rare flair factors that are critical to success – continue to be a vital condition precedent for surviving and thriving (Collins, 2001). Although great employees with unusual skills are not a guarantee for organizational success, they can nonetheless be a powerful contributing factor to improving services, enhancing quality, and increasing profits.

Understanding the importance of hiring and retaining employees with flair is an important skill set that Human Professionals can add to their organizations. However, unless organizations address the need to also incorporate a compensation philosophy that meshes with their ability to identify great talent, it is insufficient for those organizations to simply recognize what flair factors mean to their success. Compensation philosophy must be aligned with competence in recognizing talent for organizations to compete in getting “the right people on the bus” (Collins, 2001).

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JOURNALISM AND TABLOIDIZATION

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Abstract: Topics related to the media, journalism, the transformation of journalism, the transition from traditional to new media, inevitably lead us to the analysis of the current media situation. The issue of tabloids and tabloidization is essential for understanding the reconstruction of new media. It is a fact that tabloids do not respect the principles of journalistic code and ethics, that tabloid content is in opposition to quality, investigative, analytical journalism, but they still lead us to think about the causes of such phenomena. In this paper, we will deal with the topic of journalism, journalistic code, ethical dilemmas, tabloids and tabloidization.

Keywords: media, journalism, journalistic code, ethical dilemmas, tabloidization.

Introduction

In the system of journalistic thinking, the first association with the history of journalism links us to Gutenberg and the printing press from the 15th century, which was the forerunner of the media age, because two centuries later the first newspapers appeared „when the media age actually begins” (Baćević, 2004, p. 15). First, books appeared, then newspapers, magazines, journals that made the wealth of content and information available to a wider audience.

The written word remains as a permanent testimony of a person's thought and leads to the exchange of ideas and opinions that raise a person to a higher level of consciousness, because in order for someone to leave a written mark, he or she must be educated and qualified. (Vojinović, 2022, p. 17).

Print media and journalism, in the true sense of the word, experienced the greatest boom in the history of mankind in the period up to the 20th century. With the appearance of film, radio and television in the 20th century, a new era opens for the survival of traditional, printed media, as the oldest social media. The interweaving of tabloid and socially responsible journalism led to the development of investigative journalism. Unlike tabloid journalism, which is dominated by images and the absence of journalistic ethics, investigative journalism penetrates deep into the core of current problems, i.e. deals with analysis and research.

A word about journalism

At the base of each profession, there are at least three other professions. To be a good journalist, one must be literate, educated, agile and well organized. If one has a developed sense of psychology, sociology and management, it can be talked about a good journalist. The role of the journalist is not only to write and distribute the news, but also to draw that news through the socio-psychological and economic context, in order to provide a complete answer. It is a complex process. Those who do not understand journalism should not read newspapers. Journalism is a profession that requires work, discipline and dedication while respecting the basic principles of the journalistic code. A journalist is a person who objectively and expertly creates and communicates news. The news must be accurate, precise, credible, socially responsible, with a high degree of moral responsibility towards the topic and the

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audience. The journalistic style can vary according to the audience, the topic, but the code must be respected. This is where one comes to the sphere of objective, investigative, analytical journalism. However, there is always the other side, which refers to low-quality, irresponsible, unethical, discriminatory, sensationalistic journalism with a lack of critical awareness, i.e. tabloid.

The Code of Journalists of Serbia is based on truthfulness, resistance to external pressure, work principles, respect for personality, advertising, independence and privileges, attitude towards colleagues, protection of journalists. The point on which one would dwell longer is truthfulness. Respecting the truth is the most sacred obligation of a journalist. (Pavlović, 2004, p. 250).

Tabloids, tabloid history

Tabloid journalism emerged in the era of change from traditional to new media, the Internet.

Benjamin Day began to introduce topics from everyday life, from the street, the market, from the life of the rich into newspapers. The price of his newspaper was extremely low, and the circulations were huge. What the journalists of that time saw was that the newspaper was selling a good sensationalist headline and continued to write about interesting topics that quickly gained a wide readership, i.e. a mass audience. (Vojinović, 2022, 26).

Huge, global, geopolitical, economic, media, migrant changes have led to the emergence of tabloidization. Smaller formats, commercial content, big picture, sensationalism in newspapers, started to take precedence over traditional, investigative journalism, all under the slogan of survival in the market. The emergence of modern technologies, the Internet, Web platforms, blogs, social networks, applications, instant journalism, has brought the print media into a serious crisis. The speed and flow of information, the accelerated pace of life, have contributed to the fact that the mass audience, without critical thinking, is looking for entertainment, sensation, an image without a lot of text. Everything has become instant, ad hoc, never more media placement and never less critical awareness. Almost all media convey the same news, in the same way, under the slogan fast, easy, efficient, because „what is not published, is not happened” (Torlak, 2014, p. 578).

Ethical dilemmas

It is indisputable that in the process of considering the journalistic code, the profession, print media, investigative journalism and the tabloid press, one has also touched on the ethical dilemmas that accompany every process of transformation. From an established, one-way flow of information, at the transition to a new, digital age, one has found itself in an era of multi-directional flows, attitudes, angles of observation, due to globalization. The Internet has widened or narrowed the range of activities, from general to particular, from global to personal, from group to individual, borders, planetary, geopolitical, are erased, the world has become a global village under the leadership of social networks: Facebook, Instagram, Tik-Tok, Viber, etc. Communication is accelerated, and therefore easier. It follows from this that the

information must be selected. How and in what way? All these social, political, and economic changes also affect changes in ethical paradigms and introduce dilemmas among scientific workers on how to respond to the challenges of modern society in the most comprehensive way possible, and not to err on the side of ethical principles and codes of conduct. Fields of ethical dilemmas are opening up in the new media. One of the most significant ethical dilemmas is the question of online socialization: is it really possible to have a certain form of socialization and realistically experience some action without the physical presence of subjects and objects. What kind of experience are we talking about in a qualitative sense? Elaboration of this dilemma is an attempt to answer the problem of human alienation: did humanity begin to alienate even before the appearance of social media, and their appearance is only an attempt, a way to save man and his communication in the XXI century, or are social media leading towards escapism and simulating closeness? (Donev, Kaluđerović, 2016, p.123).

Conclusion

One can state that the subject of media, journalism and tabloids is complex. It demands to delve into all aspects of social reality, selectively, critically or for fun. The decision is up to the mass audience. It is a long period of time from the 15th to the 21st century. That's six years of development, transformation, construction, reconstruction, peace, unrest, crises, attempts to take off again, falls, but like in any other profession, the media profession is exposed to constant changes and adjustments in order to survive on the market. The intention of the authors of this work is not to answer all the questions related to the current topic, but to encourage the readership to seriously approach the reading of each, including this written reading, because for everything there is a cause, way, justification or unjustification, and it is up to researchers to critically penetrate into the essence of the problem.

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THEORETICAL FRAMEWORK OF MANAGERIAL DECISION-MAKING DURING A CRISIS IN A DISCONTINUOUS BUSINESS ENVIRONMENT

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Abstract: Crisis are integral development components of all organizations which are functioning within a discontinuous environment. That is why management in organizations must become aware of the need for implementing the function of crisis management. Crisis management within organizations can be divided into two separate categories: active and reactive crisis management, depending on the specific crisis development phase. Crisis management existence will simplify the process of managerial decision-making in a crisis. It will also facilitate the prevention and recovery of crises. This paper explains the notion of crisis and its development phases, and indicates the need for crisis management within contemporary organizations. It analyses the problems of managerial decision-making during crisis periods from a certain point of view and it emphasises one approach to managerial decision-making.

Keywords: Crisis, crisis management, decision-making, organization, discontinuous environment.

Introduction

Modern organizations operate in conditions that are becoming more and more variable every day. Changes in the environment become frequent, with a further tendency to increase this frequency, with their intensity gradually increasing. The main consequence of this situation is a steady increase in the instability of the entire environment, and therefore an increase in its unpredictability, which, in addition to numerous other factors that have drastically changed the way modern organizations function, further complicates and complicates the overall situation for most organizations.

The inability to realize adequate predictions based on which long-term plans can be made, as well as a lack of understanding of the complexity of the environment, often contribute to creating a situation in which organizations are very often exposed to different forms of crises. Due to the frequent occurrence of crises, there is a need for organizations to accept the crisis as an inseparable part of the process of their development, i.e. to learn how to develop in crises. This means that how organizations will face crises in the future will be one of their basic and at the same time necessary competencies.

The crisis and overcoming it are topics that are extremely important for all people involved in management, whether it is theory or practice. The fact is that crises should no longer be seen as sporadic or isolated events. Nowadays, they have to be given much more importance. Dealing with the crisis is already becoming an activity that will have to be practised by all managers in the organization, regardless of their position in the organizational order and the degree of authority. The key to modern leadership, as well as managing an organization, is precisely in understanding the changes in the environment, and therefore in understanding the inevitability of crises.

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The modern management team must be aware of this, but also ready to respond to unforeseen situations with concrete and adequate measures (Braverman, 2001).

This paper aims to review and analyze the literature on managerial decision-making during crisis resolution in organizations operating in a modern discontinuous environment.

Research Methodology

The paper applies the method of analysis of the content of literature related to the aim of this paper.

Research results

The concept of crisis and stages of crisis development

The functioning of organizations in modern conditions is exposed to constant pressures for adaptation, which come from the environment, but also the interior of the organization. These pressures are the result of a high level of dynamics of change, which is one of the basic characteristics of the times in which we live. Given this fact, it is clear that nowadays the activities of a large number of organizations are much more often exposed to various forms of crises (Stefanović, 2007).

The term “crisis” is defined in the literature in different ways, depending on the topic being addressed and the disciplinary determination of a specific scientific field. However, diverse interpretations of this term can be somewhat generalized, so it can be said that the term “crisis” refers to any interruption of continuous development. The crisis should be understood as a time-limited process with a predominantly dysfunctional effect on the organization, which can be generated endogenously or exogenously, with at least to a limited extent manageable (Senić, 1996). A crisis is any situation that makes it difficult to achieve organizational goals. It acts destructively on the system as a whole, knocking it out of a state of dynamic equilibrium. In business practice, the crisis is very often manifested by losing market share, reducing profit margins, the emergence of new competitors or substitute products, etc.

Crises in organizations generally develop through four phases, with some of them maximally shortened or even skipped. The following are the following phases (Senić, 1996):

1. a potential crisis,
2. latent crisis,
3. the acute crisis and
4. an insurmountable crisis.

A potential crisis is a situation in which there is no real crisis in the observed organization. This is a situation in which a crisis can potentially develop. A potential crisis is a state in which an organization is in a period when it is not affected by a specific crisis. This thesis suggests that organizations have been in a state of

ambivalence between real and potential crises throughout their lives.

A latent crisis is a period in which symptoms of the development of a crisis can be detected. These symptoms are not visible to all stakeholders, but as a rule only to certain individuals.

It is in the general interest of the organization to detect these symptoms at their early stage of manifestation so that it can respond to them on time, and in an adequate way. Symptoms of the crisis can be detected using early warning systems, which must have a high degree of sensitivity to detect extremely weak signals.

An acute overcoming crisis is a situation in which it is already clear to mostly all stakeholders of the organization, but also the general public that the organization is in trouble. This phase is still characterized by the possibility and economic justification for resolving the crisis.

An acute insurmountable crisis is a state of crisis in which it is no longer possible or expedient to continue the struggle for survival. Here it is usually better to proceed to voluntary and carefully planned liquidation.

The presented classification of stages of crisis development can facilitate management analysis of the crisis. It can help them establish their specific position and, on this basis, determine measures for organizational healing. Knowledge of the concept of crisis development enables modern management to more easily identify crises, and therefore to be adequately prepared for decision-making when managing the resulting crisis.

The necessity of crisis management

Given that today's environment is characterized by a frequent occurrence of crises, it became clear in the 1970s that it was necessary to introduce the practice of crisis management in organizations, where crisis management was then understood as a special form of management of an organization whose actions were threatened. However, today there are statements that due to the discontinuous development of the environment and the market in which numerous organizations operate, management in the future will become crisis management, while managers will become crisis managers. If this happens, crisis management will no longer be understood as special, but as a basic form of management.

In modern conditions, crisis management can still be defined as a special form of management, whose task is to overcome all situations that may endanger or prevent the further survival and development of the organization. Crisis management includes a series of interrelated assessments and examinations of all threats, opportunities, strengths and weaknesses of an organization. In addition, it includes a series of activities to design, redesign and implement key plans, procedures and mechanisms for identifying, preventing and resolving crises. Successful crisis management enables organizations, on the one hand, to partially protect themselves through adequate prevention, and on the other to recover much faster, if the crisis does occur, and to learn much more successfully from their own experience (Senić, 1995).

Many authors around the world believe that crisis management helps organizations

in two ways: through prevention and healing. Therefore, we can say that there are two basic forms, i.e. the role of crisis management (Senić, 1995):

1. Active crisis management involves activities aimed at avoiding a crisis, i.e. preventing a crisis from occurring. Active crisis management has an offensive character. Its task is to prevent only possible or covert (and already emerging crises), through premeditated precautions and activities that are oriented towards the future (in the phase of a potential crisis) or through early warning systems and preventive suppression (in the phase of a latent crisis).
2. Reactive crisis management has a passive, reactive character. It is activated if the previous form of crisis management fails. This type of crisis management is directed against crises in the enterprise that have reached the stages when they are visible to the entire organization (acute crisis of the organization). The task of reactive crisis management consists in combating the organization's emerging crises or mitigating their effects (if it is unable to eliminate them).

When implementing crisis management in its activities, the organization has a far better system of anticipation and protection against possible crises (such situations in market economies are practically every day, and are caused by frequent occurrences of discontinuities in the environment).

Active crisis management

Active crisis management is a model of managing organizational systems in crises, which has an offensive character. It includes methods and techniques that are geared towards the future. They anticipate and prevent potential future crisis hotspots.

Active crisis management can be further broken down into (Senić, 1996):

1. anticipatory crisis management and
2. preventive crisis management.

Anticipatory crisis management is aimed at predicting and analysing future events. This can be realized using various techniques, among which we can mention brainstorming and Delphi. When defining potential future events, the scenario method is resorted to. So-called contingent plans for each potential event are developed, i.e., the way the organization reacts to the anticipated situations is determined. By applying the scenario method, the management of the organization is forced to think about the distant and near future. In addition, the organization becomes ready for different versions of future events, thus avoiding being surprised. In this way, situations in which a crisis occurs at high speed can be avoided very successfully.

Preventive crisis management is aimed at preventing a latent crisis. A latent crisis is characterized by weak, barely noticeable symptoms. In other words, it is a possible initial phase of the crisis, where further development of the situation does not necessarily lead to the development of the crisis. To prevent the occurrence of a possible crisis in time, preventive crisis management is in charge of developing and implementing an early warning system. This system must be able to detect extremely

weak signals that warn of the possibility of the later development of a crisis. In this field, the application of modern information and communication technologies can be of great help.

Reactive crisis management

Reactive crisis management is a model of managing organizational systems in crises, which has a defensive character. It is applied in situations where the previous form of crisis management fails. Reactive crisis management is triggered in situations when it is already clear that the organization has fallen into a crisis.

Reactive crisis management can be divided into (Senić, 1996):

1. repulsive crisis management and
2. liquidation crisis management.

Repulsive crisis management is the first phase of defensive or reactive crisis management. At this stage, the organization is in an advanced symptomatic stage or, more often, in the phase of an acute crisis. The role of repulsive crisis management is to try to apply all possible legitimate measures to achieve organizational healing. This includes, in particular, measures of an economic nature related to the reduction of stocks, improvement of collection from clients, deferral of payments to creditors through negotiations, write-off and sale of part of assets, etc., through measures relating to all processes in the organization to improve effectiveness, efficiency, and therefore competitiveness, up to measures related to mission audit, objectives and organizational forms. One of the measures used as a final solution is the reduction of the number of employees, restructuring, or more broadly, the organization's entry into the process of organizational transformation.

Liquidation crisis management is the final stage of crisis management, which is resorted to only if all the above measures have not yielded positive results. This type of management is oriented towards the planned liquidation, i.e., the planned termination of the work of the organization. At this stage, it is extremely important to adequately protect all stakeholders of the organization. These include owners, all employees, customers, creditors and suppliers, but also the wider environment in which the organization performs its activities. It is necessary to comply with all legal regulations and at the same time try to avoid panic and disorganization in the system that usually arises at these moments.

Management's decision-making during a crisis

A large number of organizations in our country, but also the world, are not adequately prepared to cope with crises. There are two main reasons for this.

The first reason relates to the lack of systematic thinking (Senge, (1990) and the lack of collective awareness in organizations about the need to institutionalize crisis management into existing management systems. The systematic (and situational) approach to organizational management has not yet taken hold in practice in our country. Of course, the lack of understanding of the systemic approach leads to non-systemic thinking, which is why it is not surprising that there is no surprising lack

of awareness of the need for the application of methods, techniques and instruments of crisis management, although it is known that organizational environments are increasingly changing and that this trend will continue in the foreseeable future, which will result in frequent emergence of crises for a large number of organizations. Another reason for the inadequate preparedness of organizations for crises can be found in the limited rationality of managers (Robbins, Coulter, 2005) when making decisions (both in normal and crises). Decision-making is defined as the rational choice of an alternative from a set of available shares (Čupić, et al., 2005). However, although managers make decisions rationally, they are, due to the frequent necessity for applying a multi-criteria approach to decision-making, limited by their ability to process information, as well as their knowledge.

Decisions that managers make during crises, in addition to positive ones, can also have negative effects on the resolution of the crisis. Inadequate decisions can cause even greater damage to the organization, and therefore multiply the impact of the crisis. Of course, in organizations, decision errors occur in two basic forms: mistakes that arise as a result of what is done (or decided) and mistakes that arise as a result of what is not done (or decided) (Ackoff, 2006).

In crises, managers most often resort to a strategy of reducing the cost of doing business. Usually, there are costs on the list that, in their opinion, are not necessary. As a rule, there are representation costs and expenses intended for the development of employees. This is a typical mistake that results from a lack of systematic thinking, as well as the limited rationality of managers when making decisions. Representation costs are usually an essential component of promotional activities, so reducing or eliminating them may lead to a decrease in demand for products or services placed on the market by the organization. If this happens, revenues from the realization of products or services on the market will decrease, which will result in an increase in inventories (in the case of products) and a decrease in the volume of production. Further implications relate to the loss of economies of scale, which means that production costs will increase, and with a decrease in sales revenue, the amount of profit will be lower. The consequences of this will manifest through the inability to absorb fixed costs, as well as the inability to refinance one's own business (Stefanović, 2007).

Reducing costs that are intended for employee development in most cases is also a mistake. By abolishing the ability of employees to further learn and to improve, the possibility of individual development within the organization is abolished, and thus the basis of overall organizational development is abolished. An organization that does not learn and is unable to develop quickly becomes inert and incapable of change. As such, she will not be able to cope with the resulting crisis. This is a classic systemic paradox: an organization that reaches a crisis consciously denies itself the only "painless" possibility for resolving the crisis, which is rehabilitation through organizational development. In this way, the organization is put in a situation where it has to resort to radical measures to remedy the crisis, such as reducing the number of employees or restructuring (which, as a rule, includes reducing the number of

employees).

Downsizing is a radical and socially unpopular measure, which is usually necessary for acute crises. This measure is applied to reduce the costs generated by employees (Rabbin, 1999) and increase the efficiency of operations. The first step towards reducing the number of employees is usually reflected in reducing the share of temporary employment compared to full-time employees. This means that fixed-term contracts are not extended. As a second step, a decision is made not to hire additional staff to replace employees who are on sick leave or those who retire (Jaško, 2001). It can be said that these initial steps are correct from the point of view of the system approach. However, a large number of employee reduction programs are implemented non-systemically, which has far-reaching negative consequences for the further survival and development of organizations. As an example, we can cite the method of reducing the number of employees, which is widespread in a large number of organizations in the territory of Serbia, which is reduced to voluntary termination of employment contracts by employees, with obtaining appropriate severance pay. The consequence of such a program is usually reflected in the abandonment of the organization by the fittest and most valuable workers. These people will find a new job more easily than others, and therefore they are more inclined to leave an organization that is in trouble.

On the other hand, when management reduces the number of employees that are not voluntarily, it usually decides to send older staff to early retirement (thereby reducing the development potential within the organization based on the experience of older workers), the abolition of certain functions (which usually destabilizes the entire organization, because the abolition of functions cannot be carried out without a carefully formulated restructuring plan) or line dismissal, which evenly reduces the number of employees throughout the organization (which also reduces development potential, unless this reduction is carried out based on detailed personnel analysis). For the process of reducing the number of employees to be considered justified, it is necessary to meet several conditions (Jaško, 2001):

- not to be carried out linearly throughout the structure;
- not to be implemented without first considering the consequences for the preservation of employees with key competencies;
- decisions on dismissal are made not in general, according to general criteria, but individually;
- that the criteria and the course (depth and dynamics) of redundancies are public before the dismissal begins;
- to take into account the economic feasibility analysis of the layoff price and the redistribution price of operations;
- that there is cooperation between the middle and lower managers during this process and in the period of hiring with a reduced number of employees;
- to cooperate with trade unions or at least exchange information, etc.

Based on this presentation, it is clear that the issue of managerial decision-making in crises is extremely complex. However, it cannot be said that there are generally

right and wrong decisions. Decision-making in crises must be based on systematic thinking and a situational approach, and the concrete decision will stem from the specifics of the situation in which the organization is located.

Approach to managerial decision-making in crises

Part of the problem of coping with a crisis stems from the way organizations register a crisis. Most organizations register the crisis through accounting and financial reporting. However, a crisis is often not detectable solely through a group of financial indicators, which requires organizations to implement a far more complex system of indicators of organizational performance, which will be based on systematic thinking.

This system of measuring the performance of an organization is already widely known in managerial theory and practice as a balanced scorecard – BSC. It is based on a balanced system of indicators of results and factors that influence results. In other words, the BSC includes score indicators and performance generator (result) indicators. Performance generators are factors that influence or crucially determine future results (performance) and must also be measured (Kaplan, Norton, 1996). In this way, we also come up with factors that are critical to the survival and development of the organization (critical success factors). Critical success factors should be a balanced mix of lagging and performance generator indicators (leading, early indicators) (Pešalj, 2006).

However, identifying crisis hotspots in an organization is only the first step that management must take for the organization it heads to face the crisis. The entire crisis management process can be presented through a concrete methodology that will contain all the necessary steps that managers need to take, to deal with the crisis effectively and efficiently. The methodology of crisis management could be described as follows:

1. identification of the crisis event (situation);
2. analysis of the crisis event (determining the level of significance of the crisis, estimating the duration of the crisis without remediation measures and assessing the current damage, as well as the overall damage without actively dealing with the crisis);
3. planning a response to a crisis event and
4. implementation of measures to remedy the crisis and determine the effects of remediation.

Crises require a different approach to management compared to management in regular conditions (Varma, 2019). During crises, it is necessary to make decisions quickly, to prevent the escalation of the crisis and start resolving the crisis. The idea is to get the organizational system out of the crisis as quickly as possible so that it can continue to develop. This means that crisis management resorts to searching for satisfactory solutions, rather than optimal ones (Laskovaya, et al., 2019).

Because of the need to increase the speed of decision-making, management usually withdraws part of the decision-making authority from its subordinates, thereby

increasing the degree of centralization of management. Management, and above all strategic management, sees the organization as a whole, which is why it is most responsible to make quick and satisfactory decisions that will allow the organization to regain control over its functioning and order. At the end of the crisis, managers return certain decision-making powers to their subordinates, whereby there is an increase in the decentralization of decision-making and management, and the system returns to a normal state of functioning, only at a higher level of complexity, which is the result of the development of the organization during the crisis.

When resolving crises, the question is always whether attention should be paid primarily to short-term or long-term measures. The answer to this question is that short-term problem-solving does not guarantee long-term survival while dealing with long-term rehabilitation is not worth it if the system fails to sustain itself in a shorter period. In other words, short-term and long-term measures need to be implemented simultaneously. Short-term measures are aimed at resolving crisis hotspots that threaten to jeopardize the current liquidity or even solvency of the organization (liquidity crisis), while medium and long-term measures are aimed at the overall consolidation of the system (success crisis and strategic crisis). Short-term measures must be implemented in a manner consistent with the overall crisis resolution strategy (Senić, 1996).

Conclusion

Modern managers must be aware of the necessity of establishing and developing an organizational system in which the role of crisis management will be institutionalized. They must be trained to apply methods, techniques and tools in their daily work that will help them anticipate potential crisis hotspots, evaluate alternative responses to them and decide to choose the optimal one in a given situation, given time and at given limitations. In the event of an escalation of a crisis, managers must be able to effectively cope with the same through the application of a set of adequate measures, which can range from radical to those incremental nature.

By acting in this way, management thoroughly prepares the organization it heads for functioning in the global market, whose sophistication demand is increasing every day, and where the supply, i.e. the level of competition, is gaining additional strength every day.

By implementing crisis management in all managerial processes, over time, organizational systems will be established that will not respond to the crisis measures that have a short-term perspective, and in the long term distract the organization from its strategic intentions. These systems will not see the crisis as an exception but as an inseparable part of the everyday life of their functioning. In other words, organizational action in the future will be able to be seen as the functioning of organizational systems in conditions of permanent crisis. It is up to the management of these organizations to acquire knowledge and skills that will help them build organizations that will be able to successfully respond at any time to all the challenges that the environment of the future will pose.

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IMPACT OF INFORMATION ON FOOD PACKAGING ON CONSUMER BEHAVIOUR: TRENDS FOR 2023

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Abstract: Lack of trust is one of the most important consequences of the influence of digital media on consumer. The ease of publishing content without any verification has led to a significant drop in the degree of trust in published information. The proliferation of brands and new products and their need to impose themselves, often with inaccurate information, has accelerated the erosion of consumer trust in „branded” messages. The aim of this study is to explore the levels of consumer confidence in information on the packaging, provided by food manufacturers; and to understand the trends in consumer behaviour based on their relation to provided information.

Keywords: trend, food, consumer, packaging, labelling, claims

Introduction

Doing business in a VUCA environment (Volatility, Uncertainty, Complexity, and Ambiguity) is a feature of modern age. Global challenges, pandemics, hyper-competition in the markets, hyper-offering of „innovative solutions”, disruptions in supply chains, threatened privacy, digitization, and the availability of high-tech solutions in the lives of individuals are inexorably changing the patterns of behaviour we know (Mamula Nikolić, 2021). On the other hand, the food industry needs to develop, to be relevant in its offer and to be accessible to the market. Solutions are sought in following trends and agile adaptation to changes (Edelman, 2020). In an effort to understand changes in consumer behaviour and contribute to the management of the food industry, we had conducted extensive research on a representative sample of Serbia (n=1000) and tested the impact of all important elements of food packaging on consumer behavior.

Methodology

Methodology used for this study is the quantitative field research: face-to-face surveys, on a structured sample of 1000 respondents. The entire research was conducted during May 2022. The marginal error for this sample is +/- 2.5%. The research sample is representative of the Serbian market and includes respondents over 18 years of age. Post-stratification was performed based on:

- (1) Gender
- (2) Age
- (3) Education
- (4) Area of residence.

The survey was conducted by the specialized market research agency Faktor Plus from Belgrade, member of ESOMAR.

Scope of Research Study

The point of sale is one of the most important brand touch-points between product and the consumer (Huré, Picot-Coupey and Ackermann, 2017). About 70% of purchase decisions are made at the point of sale (Ståhlberg and Maila, 2012). Packaging, especially when it comes to food products, is one of the key elements that influences the decision to buy a product. The function of packaging is not only to protect the product and make it more visible, but also to provide information to the consumer about the product. The legal system determines which information must be listed on the packaging, while manufacturers put additional information, in accordance with their communication and marketing goals.

We wanted to explore the impact of various types of information provided on the packaging of food products and understand the attitudes of consumers towards them.

Results

Understanding the Information

The starting question was: Do you understand the information provided on the packaging? To this question, 26% of respondents answered that they understood, 25% that they did not understand, and 49% that they partially understood what the manufacturers were telling them. Also, the presence of children in the households influences the respondents to pay more attention and try to interpret and better understand the information on the packaging.

Table 1. Do you understand the information provided on the packaging?

	Total (%)	Respondents with children in household		People who eat healthily (1) not at all – (5) very healthily				
		Yes	No	1 Not at all	2	3	4	5 I do care about healthy food
Yes	26	29	24	6	12	19	39	51
Partially	49	53	48	35	53	60	50	37
No	25	18	28	59	35	20	11	13
Total:	100							

By cross-checking the data, we found that people who claim to eat healthily and take care of their nutrition, understand the information on the packaging much better than others. 51% of people who declare that they eat healthily understand all the information on the packaging, while of those who claim that they do not take care of their diet, only 13% of them understand the information. Comprehension of information increases with the degree of professional education, while it decreases with age - older groups of respondents understand nutritional information less than younger ones.

Table 2. Do you understand the information provided on the packaging?

	Total (%)	Gender		Age				Education			
		Male	Female	18-34	35-49	50-64	65-80	Elementary	Secondary School	High School	University
Yes	26	20	30	30	26	22	18	13	17	30	35
Partially	50	48	51	47	56	54	42	31	56	41	48
No	25	32	19	23	19	24	39	56	26	30	16
Total:	100										

Level of Trust in Information

Very similar results are obtained regarding the trust in provided information. Groups of consumers who have a higher level of comprehension also have more trust in information. The conclusion is that those consumers who pay more attention to study the information, have also higher degree of trust, while older people and those with less formal education understand less, and they have less trust in the information provided by the manufacturer. We also notice that female consumers pay more attention and have more trust in information on food packaging than male consumers.

Table 3. Do you trust the information provided on the packaging?

	Total (%)	Gender		Age				Education			
		Male	Female	18-34	35-49	50-64	65-80	Elementary	Secondary School	High School	University
Yes	17	14	20	19	18	19	10	6	13	12	27
Partially	58	54	61	55	63	61	55	38	61	56	58
No	13	16	10	13	10	9	21	13	12	23	8
I don't read info	12	15	9	13	10	11	14	44	14	9	7
Total:	100										

Form of Information

In the last decades, there has been a noticeable trend of emphasizing nutritional information in a visually attractive way, in the form of various symbols and icons (Keller et al., 1997). The aim of this type of communication applied by manufacturers is to stand out from the group and to highlight some of their advantages compared to other products.

Table 4. Do you prefer that information about the product to be presented as an overview table or designed as visual symbols?

	Total (%)	Gender		Age				Education			
		Male	Female	18-34	35-49	50-64	65-80	Elementary	Secondary School	High School	University
Both	41	34	47	39	49	37	39	38	38	43	46
Just the table	24	23	24	19	24	27	31	19	24	21	25
Just symbols	11	11	11	11	13	10	10	13	11	12	10
Information is not necessary	5	7	4	7	4	5	4	13	6	6	3
I don't know	18	25	14	24	11	21	15	19	21	17	16
Total:	100										

What we wanted to find out is whether consumers prefer overview tables with important information or if they pay more attention to information presented using visual symbols. In the vast majority, consumers want to have both data views available: tabular and through symbols. Symbols draw their attention to product features that are important to them, but they often do not contain all the important information, so they want to check the information in tables which contain precise information.

Trust in brands

Highlighting the manufacturer's brand logo on the packaging is used by almost all companies from the food industry (Keller et al., 1997). The goal of this tactic is to transfer brand features to the respective products. In a world of great competition at every point of sale, we were interested in what kind of brands consumers trust, when it comes to food products.

Table 5. What brands do you trust most?

	Total (%)	Gender		Age				Education			
		Male	Female	18-34	35-49	50-64	65-80	Elementary	Secondary School	High School	University
Well known and has long tradition	64	64	65	57	66	68	75	63	65	69	61
Brand that advertise in media	5	4	6	6	4	6	6	13	5	5	5
Brand whose packaging are fancy and attractive	13	11	15	18	10	10	10	0	8	11	21
Brands that clearly provides important info about products	43	39	46	42	47	45	38	6	37	47	53
Brand which is part of my life, of my community	27	27	28	29	23	37	18	25	29	21	29
It's products are not cheap, high price means better quality	10	8	11	8	10	10	13	31	7	12	10
Is available in my favorite shop	18	19	17	22	12	15	21	31	20	19	14
Other	3	6	2	4	5	1	1	6	3	5	3

The most important characteristic of a brand in which consumers have confidence is tradition and persistence on the market for a long period of time. The importance of tradition and constancy increases with the age of the respondents so that it is the most important for 75% of the oldest surveyed group (65-80), while the same characteristic is the most important for 57% of the respondents in the group (18-34). Another characteristic that stood out is that consumers trust brands that clearly state product information on the packaging (most important for 43% of consumers).

Relevant information

Food manufacturers use different tactics to achieve their marketing and sales goals. Changes in product quality, net weight, production by third parties (private label products), highlighting data that often have no real benefits, or even that aim to divert attention from some shortcomings, have had a significant impact on consumer confidence and their behaviour (Hapsoro and Hafidh, 2018). We wanted to find out which information is relevant and should be prominently displayed on the packaging.

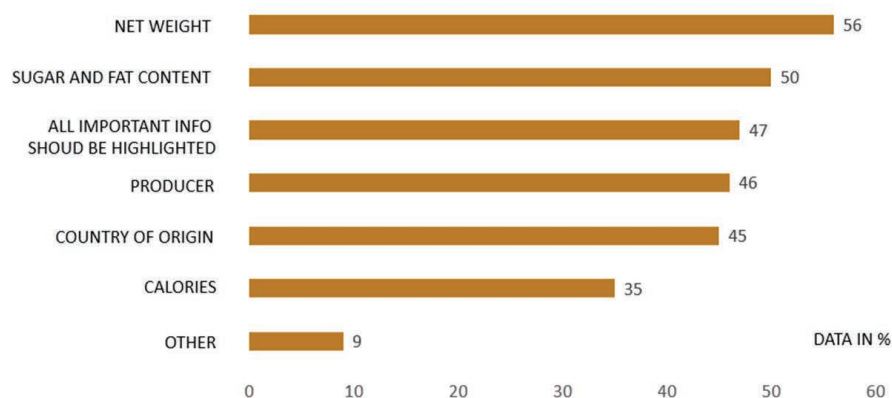


Figure 1. Which information is to be highlighted or food packaging?

The majority of consumers believe that the net weight should be visibly highlighted (56%), followed by the sugar and fat content (50%). Further, there are three answers with approximately equal values. These are the info on the manufacturer (46%), the country-of-origin info (45%) and 47% of respondents who believe that all important information must be equally visible.

Origin and source of information

We wanted to examine the correlation between the trust that a brand enjoys in the market, depending on whether it is a domestic or an international company. Further, given the growing crisis of trust in brands, and trust in brands, as one of the leading motivators for purchase, manufacturers often seek to add credibility to their information by engaging third parties to corroborate their claims.

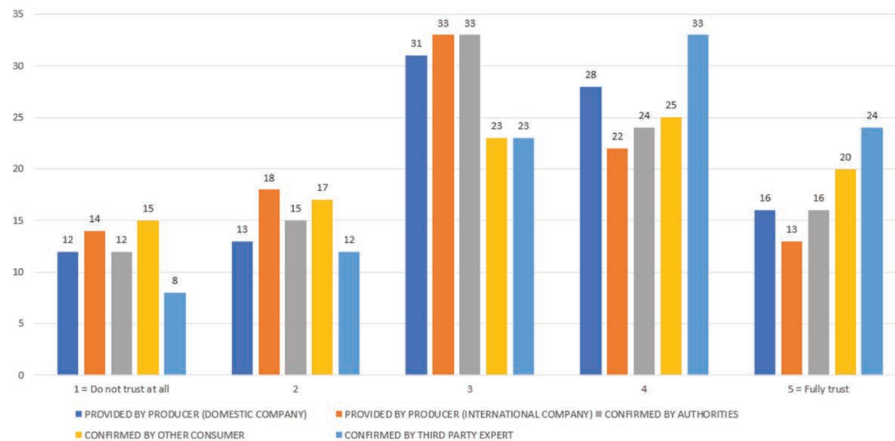


Figure 2. What is your trust level in information on food packaging if provided by?

Consumers on the Serbian market have more confidence in the claims on the packaging when they are made by domestic companies (44%) than when they are made by international companies (35%). Trust levels vary if are confirmed by another consumer (40%), a state authority (45%), and the highest degree of trust in claims on food packaging is when they are confirmed by independent experts (57%).

Conclusion

The study shows which information on packaging can influence consumer attitudes that influence their behaviour when purchasing food products. Certain information is more important for certain groups of consumers, and it is recommended for manufacturers to pay attention to the above findings in order to offer relevant information to their target market.

The key finding is that relevant information must be listed clearly, clearly and unambiguously, in a visible and comprehensible way. Information that should be paid special attention to, so that manufacturers can influence the market, concerns the characteristics of the products themselves, the geographical origin of the company. Brands that are consistent and truthful in their labelling communication, can count on a higher degree of consumer trust, greater brand loyalty and higher conversion rates that lead to sales decisions. Endorsing the information by other consumers, authorities or independent experts increase level of trust in provided information.

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**INTERNATIONAL JOURNAL OF MANAGEMENT TRENDS:
Key Concepts and Research
PAPER TEMPLATE FORMAT**

(Title: capital letters, Times New Roman, 12, bold)

First Author., Second Author., Third Author⁶

(Author's name: TNR, 11, bold, space before and after 6)

Abstract: This document gives formatting guidelines for authors preparing papers for publication in the International Journal of Management Trends. The authors must follow the instructions given in the document for the papers to be published. The abstract should be viewed as a mini version of the paper and must not exceed 200 words. The abstract should emphasize the objectives and the scope of the investigation, the aim of the research, the methodology used, and the research results. Do not use first person; do not include mathematical expressions; do not refer to the reference, and try to avoid acronyms

(Abstract: TNR 10, justified, space between lines 1,0, between 8-10 lines)

Key words: distribution center, enterprise, SME.

(Key words: TNR 10, justified, one space after Abstract, include at least 5 keywords)

Introduction

This document is a template. We ask authors to follow some simple guidelines. In essence, we ask you to make your paper look exactly like this document. The easiest way to do this is simply to download the template and replace(copy-paste) the content with your own material.

An introduction should explain the nature of the problem of the article, its purpose, contribution and methodology. It should provide the literature review and explain previous research on the topic.

The paper must be written in correct English. If the quality of the language is too poor, this can prevent your paper from being included in the Journal. The paper should consist of the following sections: **Research Methodology, Results, Discussion, and Conclusion.**

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Page Layout

The article should consist of between 6000 and 8000 words, including Diagrams, Graphs, Tables and References.

The Margins should be set as follows:

Top – 2,5 cm,

Left – 4 cm

Right – 4 cm

Bottom – 7 cm

Your paper must be in one column with A4 paper format

Page Style

All paragraphs must be indented. All paragraphs must be justified, i.e. both left-justified and right-justified.

The entire document should be in Times New Roman, size 11

Headings – TNR 11, bold, space before – 12, after - 6

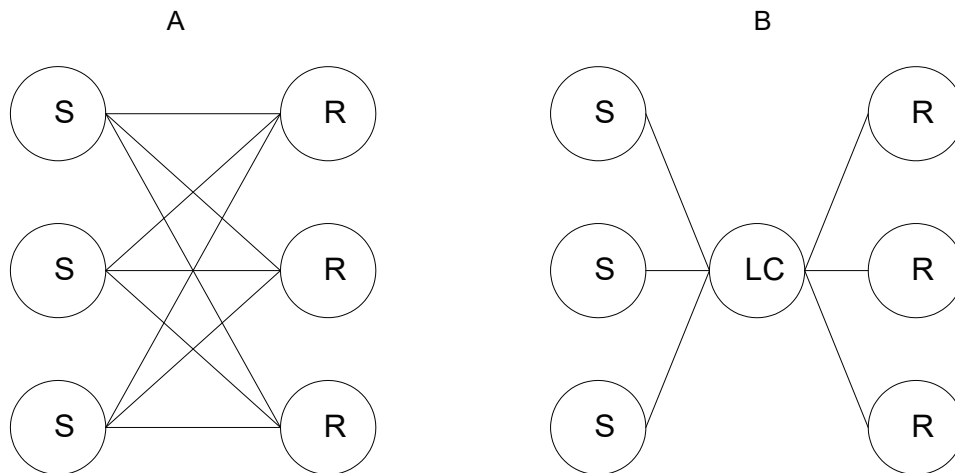


Figure 1. Title of the figure (Milla et al., 2020).

Figures and tables

Figures must be numbered using Arabic numbers. Figure caption – TNR 10, bold, centered, Source – TNR 10, italic, centered. Figure caption and source under the figure.

Table 1. Title of the table (Milla et al., 2020).

Latent variable	exogenous		Mean		
Effects of the strategic success factor costs			0.3213		
Effects of the strategic success factor time			0.2527		
† p < 0.10; * p < 0.05; ** p < 0.01; *** p < 0.001					

Tables must be numbered using Arabic numerals. Table caption – TNR 10, bold, centered, above the table.

Acknowledgment

Acknowledgments of people, grants, funds, etc. should be placed in a separate section before the reference list. The names of funding organizations should be written in full (optional). Do not include author biographies.

References

Please ensure that every reference cited in the text is also present in the reference list and vice versa.

References should appear in your reference section in alphabetical order (not numbered). The number of sources referred to in the manuscript should be between 20 and 30. They should be written in Times New Roman 10pt,

The required format for references is APA 6 style. Please check <https://guides.library.uq.edu.au/referencing/apa6/>.

The use of DOI is recommended at the end of each reference.

Journal titles should not be abbreviated.

1. Citations:

(Grabara, 2013).
(Grabara and Nowak, 2005).
(Varkoly ed., 2013).
(Kot et al., 2009).
(Bajdor, 2013; Grabara, 2013).
(Sroka, 2010; 2013).
(Ślusarczyk, 2012a) or (Ślusarczyk 2012b).
Kot (2012) wrote...
In Grabara (2013) opinion...

2. References list:

Mayrhofer, W., Gooderham, P. N., & Brewster, C. (2019). Context and HRM: theory, evidence, and proposals. *International Studies of Management & Organization*, 49(4), 355-371. doi: <https://doi.org/10.1080/00208825.2019.1646486>

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